

# Investing in Private Equity



Dunedin Enterprise Investment Trust PLC specialises in the provision of private equity finance. Private equity is medium to long term finance provided in return for an equity stake in established, potentially high growth, private companies.

The Company's investment objective is to conduct an orderly realisation of its assets, to be effected in a manner that seeks to achieve a balance between maximising the value of the Company's investments and progressively returning cash to shareholders.

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References in this report and accounts to 'Dunedin Enterprise' or to 'the Company' or the 'Trust' mean Dunedin Enterprise Investment Trust PLC

References to 'Dunedin' or to 'the Manager' or to the 'Investment Manager' mean Dunedin LLP

## Financial Highlights<sup>\*1</sup>

Net asset value per ordinary share

**503.3p**

505.8p 2015

Total return per ordinary share

**2.7%**

0.0% 2015

Share price

**306p**

321.5p 2015

Annualised net asset total return  
over 10 years

**2.2%**

3.5% 2015

Discount

**39.2%**

36.4% 2015

Dividend per ordinary share

**33.5p<sup>\*2</sup>**

4.7p 2015

Ongoing charges

**2.8%**

2.9% 2015

<sup>\*1</sup> all figures relate to the year ended 31 December 2016

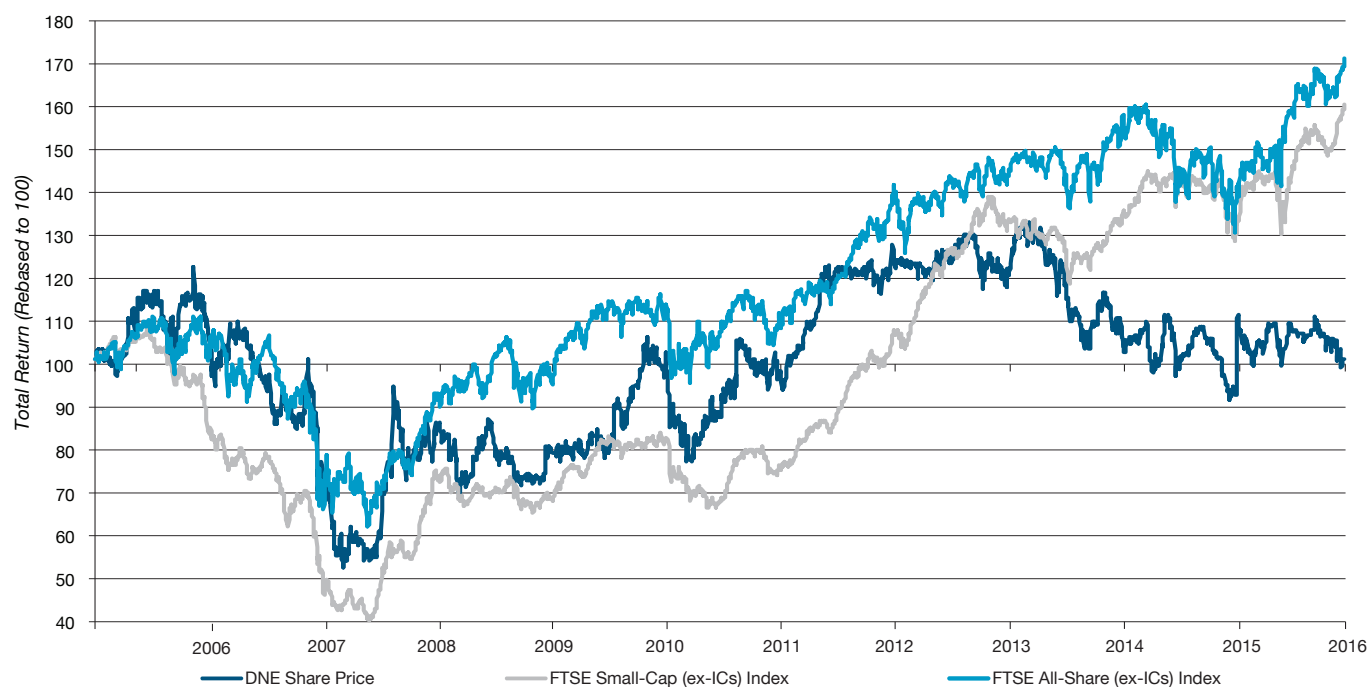
<sup>\*2</sup> being a proposed dividend of 17.5p payable on 18 May 2017 and an interim dividend of 16p paid on 18 May 2016

### Comparative Total Return Performance

	One year to December 2016 %	Three years to December 2016 %	Five years to December 2016 %	Ten years to December 2016 <sup>*3</sup> %
Net asset value per ordinary share	2.7	2.1	5.0	24.9
Share price	0.0	(22.1)	16.4	0.3
FTSE Small Cap-Index ("the Benchmark")	12.5	23.7	142.6	60.9
FTSE All-Share Index	16.8	18.8	61.2	71.2

<sup>\*3</sup> Ten years from 31 October 2005

## Ten year record



## Long Term Record

Group Ended 30 April	Cash returned to shareholders				Per Ordinary Share			
	Net assets	£'000	p per share	Revenue available for ordinary shareholders	Net asset value	Earnings	Dividend	Share price
	£'000		p	£'000	p	p	p	p
2004	105,687	–	–	2,846	344.0	9.2	8.57	258.0
2005	126,423	–	–	3,184	416.3	10.4	9.0	346.0
2006	151,304	–	–	4,236	498.2	13.9	11.45	457.75
2007	163,717	–	–	3,727	541.9	12.3	10.7	462.0
<b>Group Ended 31 December</b>								
2007	159,947	–	–	2,516	529.5	8.3	7.5	415.75
2008	130,777	–	–	8,825	433.4	29.2	25.85	211.0
2009	122,856	–	–	726	407.1	2.4	2.5	266.5
2010	150,083	–	–	1,125	497.3	3.7	3.8	300.0
2011	162,956	–	–	1,307	541.0	4.3	5.0	313.5
2012	137,198	21,086	70.0	5,801	532.7	20.8	22.5	412.38
2013	116,267	17,992	72.3	4,758	529.3	19.9	16.5	436.0
2014	106,556	5,217	23.7	980	510.6	4.6	4.7	352.4
2015	104,427	695	3.3	(628)	505.8	(3.0)	–	321.5
<b>Company*<sup>1</sup> Ended 31 December</b>								
2016	103,901	–	–	6,916	503.3	33.5	33.5	306.0

\*<sup>1</sup> from 2016 the financial statements are no longer prepared on a consolidated basis but instead with subsidiaries carried at fair value

## Chairman's Statement

### Duncan Budge, Chairman

In the year to 31 December 2016 your Company's net asset value per share decreased from 505.8p to 503.3p. After allowing for an interim dividend of 16p paid in May 2016, the total return to shareholders was 2.7% (in terms of net asset value).

On 2 February 2017 we announced the successful realisation of Steeper, a leading supplier of prosthetic devices. The proceeds received to date on this investment represent a return of 1.9 times our original investment and an uplift of £5m on the valuation at 30 September 2016. The uplift on this transaction is reflected in the net asset value at 31 December 2016. In view of the outstanding undrawn commitments, the Board has decided to retain the majority of the proceeds of this realisation. Further details of this transaction appear below.

The share price at 17 March 2017 of 322p stood at a discount of 36% to the net asset value of 503.3p per share.

#### Wind-down

In May last year shareholders gave their approval for the Company to be placed into wind-down. At that time the Board stated that it had concluded that the best way to maximise value for shareholders would be to implement a plan that allows the Company's investments to be realised in an orderly manner over a period of time and cash to be returned to shareholders progressively.

The majority of the Company's assets, or some 80%, are managed by Dunedin LLP ("Dunedin"). These investments are by way of limited partnership interests in Dunedin's funds, one of which is still actively investing. Consequently, the Company is obliged, as are other investors in those funds, to follow its commitment by funding future capital calls made by that fund.

The other 20% of the Company's assets are invested in private equity funds managed by external parties. The majority of these comprise the holdings in Innova/5 and Realza, which invest in Eastern Europe and Spain respectively.

One of the Board's main duties, on behalf of shareholders, is to decide whether shareholders are likely to gain from an early realisation of these fund interests by a sale on the secondary market, together with any uncalled commitments to invest further. This will, of course, depend on the prospects for the underlying investments. Invariably the Board will have better visibility on the investments in the Dunedin managed funds than in those managed by external parties. The Board is keeping this position under constant review, with the help of Dunedin.

One of the Board's other main responsibilities is to ensure that the Company has adequate resources to honour its commitment to these funds for further draw-downs to finance new investments. In order to achieve this, the Board needs to retain enough capital from realisations. A case in point is the recent successful realisation of Steeper.

Following approval by shareholders of the wind-down, the Manager has reduced the ongoing costs of the Company where possible. These cost savings will become apparent over time.



Due to the Company now being in wind-down the financial statements for the year ending 31 December 2016 have not been prepared on a going concern basis.

#### Portfolio

There were two new investments during the year. An investment of £7.0m was made in Alpha Financial Markets which provides specialist consultancy services to leading asset and wealth managers and their third party administrators. An investment of £4.2m was also made in Kingsbridge Risk Solutions. Kingsbridge is the UK's leading provider of insurance services to contractors and independent professionals. Follow-on investments were also made into Premier Hytemp and EV.

The trading performance of the portfolio continues to be mixed and in some cases disappointing. Unrealised value increases of £18.7m were offset by value decreases of £17.3m. Valuation uplifts were achieved by Blackrock, Kee Safety and U-POL. Each of these businesses is trading well as a result of growth, achieved both organically and by acquisition. There was also a valuation uplift at Steeper as noted below. The two European funds, Realza and Innova/5, each generated valuation uplifts as a result of the performance of their underlying portfolios and beneficial exchange rate movements.

The most significant valuation reductions in the year to 31 December 2016 were at Formaplex, EV, Hawksford, Pyroguard and Red. Trading at Formaplex was impacted by the move to a new factory and costs associated with developing new product lines. The low oil price has continued to affect adversely trading at EV despite a significant cost reduction programme undertaken by the company. An aborted sale process at Hawksford affected the winning of new business during the year. A new CEO has been appointed to re-focus the business. Pyroguard suffered production problems at its French factory which have now been resolved. Finally, the sales mix at Red negatively impacted maintainable profits. The Manager is fully involved with each of these portfolio companies, implementing changes to their management and operating strategy in order to return value to these investments.

Since the year end the Company achieved a significant realisation with the sale of Steeper to Ottobock, a world-leading manufacturer and supplier of prosthetic limbs. On completion Dunedin Enterprise received proceeds totalling £8.9m of which £6.7m is capital and £2.2m is income. This represents an uplift of £5.0m from the previous valuation at 30 September 2016. The overall return to Dunedin Enterprise at 2 February 2017 was 1.9 times the original investment of £5.6m. In addition,

proceeds amounting to 10% of the total, being £1.0m, have been deferred for 18 months. Given the contingent nature of these deferred proceeds, no value has been placed on them as at 31 December 2016.

Given the level of undrawn commitments still outstanding, the Board is prudently not proposing to return any of the £6.7m capital proceeds from the sale of Steeper to shareholders. However, the Board's intention is that the £2.2m of the total proceeds which are classified as income will be distributed to shareholders by way of future dividends in due course.

In March 2017 the Company made an investment of £5.9m in Forensic Risk Alliance through Dunedin Buyout Fund III LP. FRA is an international consultancy business that provides forensic accounting, data analytics and e-discovery expertise to help businesses manage risk in an increasingly regulated global environment.

### Commitments & Liquidity

The Company had outstanding commitments to limited partnership funds of £36.9m at 31 December 2016. This consisted of £33.5m to Dunedin managed funds and £3.4m to the European funds. However, assuming these funds are held to maturity, it is estimated that approximately £20m of this total commitment will be drawn over the remaining life of the funds.

The investment period of Dunedin Buyout Fund III which accounts for £26.2m of the total Dunedin managed undrawn commitment, closes in November 2017, although funds may be drawn down for new investments after this date in circumstances where a proposed investment is at an advanced stage at that date. Although the investment periods of all other Dunedin managed funds have expired, funds can still be drawn down for follow-on investments and operating expenses of the fund.

Innova/5 accounts for £2.6m of the European funds' undrawn commitments. Although the investment period of this fund closed in December 2016, the manager was in an advanced stage on three potential transactions at that time and it is anticipated that there will be a drawdown to fund at least one of these investments in early 2017. As Realza's investment period has expired it can only draw down for follow-on investments and operating expenses.

As at 31 December 2016 the Company held cash and near cash balances of £2.6m (the majority of which is held in AAA rated money market funds or by its wholly owned subsidiary, Dunedin Funds of Funds LP). The Company has a revolving credit facility with Lloyds of £20m which was undrawn at 31 December 2016 and is available until 31 May 2018. The Board and the Manager remain satisfied with the balance between cash resources and outstanding commitments given the expected rate of new investment and potential realisations of existing investments.

As explained above, the capital proceeds of £6.7m from the sale of Steeper will be retained in the Company to fund the expected drawdowns from the Dunedin managed and European funds, thus minimising the use of the Company's revolving credit facility.

### Board Appointment

Following consultation with a number of the largest shareholders in the Company, the Board is recommending the appointment of Michael Meyer Jensen to the Board at the Annual General Meeting of the Company on 11 May 2017. Michael is employed by Lind Invest as an

investment manager. Lind Invest is an independent Danish investment group which currently holds an interest of 12.6% in the Company. Michael has experience of investing in private equity funds, including in listed private equity companies and the secondary market. The Board believes that Michael's skills will be of benefit to the Company during the wind-down process. Michael has waived his right to be paid a director's fee.

### Dividends

In the year to 31 December 2016 income received by the Company was boosted by the partial sale of CitySprint and re-financings undertaken at both Kee Safety and U-POL. In May 2016 an interim dividend of 16p per share was paid to shareholders as a result of the income received from CitySprint. It is now proposed to pay a final dividend of 17.5p per share on 18 May 2017 to distribute the remainder of the income received during the year.

The Board will propose a dividend in respect of the income received from Steeper in due course.

### B Share Scheme

Proposals for the adoption of a B Share Scheme have been posted to shareholders with this Annual Report and will be available on the Company's website. Shareholders will be asked to vote on these proposals at a General Meeting which will follow immediately after the Annual General Meeting.

After consulting with its advisers, the Board believes that this Scheme offers a fair and efficient way of returning capital to shareholders. While this route offers certain cost and other advantages over a tender offer, the Board will keep under review its relative advantages over time. Unlike a tender offer, shareholders would not be given a choice as to whether or not to participate in a return of capital.

Once in place, the Scheme can be used from time to time to return capital to shareholders. While the Board believes that it is prudent and cost-effective to put the Scheme in place as soon as possible, shareholders should not conclude from this that returns of capital are likely in the near term.

Shareholders will be advised when returns of capital take place. Notwithstanding the introduction of the B Share Scheme, shareholders should continue to expect a proportion of value to be returned by way of dividends.

### Outlook

The Board is committed to the aim of maximising shareholder value through the orderly wind-down process. This could be addressed partly by judicious and timely sales of its fund interests on the secondary market or by continuing to hold these interests if this is likely to provide better returns to shareholders.

The Board and Manager have reviewed the potential impact of Brexit on each investee Company. The portfolio has some degree of protection arising from the international reach of many of the investee companies. Despite the political uncertainty, economic conditions have so far been relatively benign and pricing for realisations of quality businesses remains buoyant.

**Duncan Budge**  
Chairman

20 March 2017

## Board of Directors



### Duncan Budge (61)

**Status:** Independent Non-Executive Director and Chairman of the Board, Nomination Committee and Management Engagement Committee

**Length of service:** Appointed a Director on 2 April 2012 and became Chairman on 14 May 2014.

**Last re-elected to the Board:** 11 May 2016

**Experience:** Duncan Budge was an Executive Director and Chief Operating Officer of RIT Capital Partners plc ("RIT") between 1995 and 2011. He was previously a director of J. Rothschild Capital Management Limited, a wholly owned subsidiary of RIT. He also spent six years with Lazard Brothers & Co. Ltd.

**Committee membership:** Audit Committee, Nomination Committee and Management Engagement Committee.

**All other public company directorships:** Artemis Alpha Trust plc (Chairman), Lowland Investment Company plc, Lazard World Trust Fund, Biopharma Credit plc and Menhaden Capital plc

**Other directorships:** Asset Value Investors Ltd

**Employment by the Manager:** None

**Other connections with Company or Manager:** None

**Shared Directorships with any other Company Directors:** None

**Shareholding in Company:** 46,850 Shares



### Federico Marescotti (60)

**Status:** Independent Non-Executive Director and Senior Independent Director

**Length of service:** Appointed a Director on 1 June 2009

**Last re-elected to the Board:** 11 May 2016

**Experience:** Federico Marescotti is Chief Executive of Gruppo Illy, the leading Italian luxury coffee brand and Chairman of Vela Capital, a specialist private equity management company. He is an international adviser to ADCO International GMBH. Until 2016 he sat on the Board of JP Morgan European Smaller Companies, and until 2012 was a non-executive Director of Ecofin Water & Power Opportunities Investment Trust Plc. Furthermore, until 2012 he sat on the Board of AIFI, the Italian Private Equity and Venture Capital Association, and chaired the Infrastructure Committee.

**Committee membership:** Audit Committee, Nomination Committee and Management Engagement Committee.

**All other public company directorships:** None

**Other directorships:** None

**Employment by the Manager:** None

**Other connections with Company or Manager:** None

**Shared Directorships with any other Company Directors:** None

**Shareholding in Company:** 10,000 Shares

**Brian Finlayson (69)****Status:** Independent Non-Executive Director**Length of service:** Appointed a Director on 1 January 2007**Last re-elected to the Board:** 11 May 2016**Experience:** Brian Finlayson was appointed to the Board in 2007. He has over thirty years of experience in private equity and corporate finance. He was appointed Managing Director of Dunedin Capital Partners in 1990, becoming Deputy Chairman in 1999, retiring in 2002.**Committee membership:** Audit Committee, Nomination Committee and Management Engagement Committee.**All other public company directorships:** None**Other directorships:** None**Employment by the Manager:** None**Other connections with Company or Manager:** Previously Managing Director and Deputy Chairman of Dunedin Capital Partners retiring in 2002**Shared Directorships with any other Company Directors:** None**Shareholding in Company:**  
126,052 Shares**Angela Lane (54)****Status:** Independent Non-Executive Director and Chairman of the Audit Committee**Length of service:** Appointed a Director on 1 June 2015**Experience:** Angela Lane has worked as an independent director and adviser to a number of private companies and private equity firms. She is also on the investment committee of Altitude Partners LLP, a private equity investor in SME businesses based in Southern England and a Governor of Sherborne School. Previously Angela spent 18 years working in private equity at 3i after qualifying as an ACA at PwC. Angela has extensive experience of business and financial services, healthcare, travel and aviation, media, consumer goods and infrastructure.**Committee membership:** Audit Committee, Nomination Committee and Management Engagement Committee**All other public company directorships:** None**Other directorships:** Huntswood CTC (Chairman) and Astbury Marsden**Employment by the Manager:** None**Other connections with Company or Manager:** None**Shared Directorships with any other Company Directors:** None**Shareholding in Company:** 15,000

## The Manager

The Company is an Alternative Investment Fund (AIF) under the EU's Alternative Investment Fund Managers' Directive ("AIFMD"). Its Alternative Investment Fund Manager ("AIFM") is Dunedin LLP. Dunedin LLP became a full scope AIFM on 25 May 2016.

In addition to the Company, Dunedin manages four limited partnership funds and a European fund of funds. The Company has committed £60m (20%) to Dunedin's most recent £306m fund, Dunedin Buyout Fund III LP in 2012.

Dunedin provides equity finance for management buyouts and management buyins with a transaction size of £20m – £100m. It is an independent private equity house, owned by the partners, operating throughout the UK from offices in Edinburgh and London. It has an investment team comprising sixteen investment professionals. Seven of the Partners have worked together for more than ten years, giving it an unrivalled depth of experience in the UK lower mid-market buyout market.

Dunedin focuses on a number of sectors, using its depth of knowledge to understand the market drivers and to build relationships with management teams, key industry participants and influencers. The firm has particular expertise in the industrial, business services and financial services sectors, completing 30 portfolio follow-on acquisitions since 2011 in order to drive the growth and internationalisation of its investee businesses.

Dunedin targets buyout investments where it can partner with management teams to build better businesses. Dunedin provides the knowledge, skills and finance to help the companies it backs to develop and attain their full potential. It targets businesses with many of the following characteristics:

- Proven management team with the desire to create and deliver value
- Strong market position, niche or brand
- Clear organic growth potential
- Internationalisation opportunities
- Potential for buy and build or roll-out
- Barriers to entry
- Legislation-driven products or services

Dunedin is authorised and regulated by the Financial Conduct Authority.

## Manager's Review

In the year to 31 December 2016 the net asset value per share has decreased from 505.8p to 503.3p. After taking account of an interim dividend for 2016 of 16p (paid in May 2016), the movement in the year equates to a total return of 2.7%.

The Company's net asset value decreased from £104.4m to £103.9m over the year. This movement is stated following a dividend payment of 16p and amounting to £3.3m.

This movement in net assets can be explained as follows:

	£m
<b>Net asset value at 1 January 2016</b>	<b>104.4</b>
Unrealised value increases <sup>*1</sup>	18.7
Unrealised value decreases	(17.3)
Realised loss over opening valuation <sup>*2</sup>	(5.5)
Dividends paid to shareholders	(3.3)
Net income and capital movements	6.9
<b>Net asset value at 31 December 2016</b>	<b>103.9</b>

<sup>\*1</sup> – excludes £4.4m of income received from Kee Safety and U-POL in the year that was transferred to the Income Account

<sup>\*2</sup> – includes drawdowns totalling £2.1m made during the year by Dunedin managed funds for management fees and operating expenses. Excludes £3.3m of income received from the partial realisation of CitySprint that was transferred to the Income Account

<sup>\*3</sup> – the £4.4m and £3.3m noted above are included in Net Income

### Portfolio Composition

The investment portfolio can be analysed as shown in the table below.

	Valuation at 1 January 2016 £'m	Additions in year £'m	Disposals in year £'m	Realised movement <sup>*2</sup> £'m	Unrealised movement <sup>*1</sup> £'m	Valuation at 31 December 2016 £'m
Dunedin managed	93.0	22.4	(25.0)	(5.5)	(3.4)	81.5
Third party managed	16.4	2.8	(1.7)	–	4.8	22.3
AAA rated money market funds	–	6.0	(5.0)	–	–	1.0
	<b>109.4</b>	<b>31.2</b>	<b>(31.7)</b>	<b>(5.5)</b>	<b>1.4</b>	<b>104.8</b>

### New Investment Activity

In February 2016 an investment of £7.0m was made in Alpha Financial Markets ("Alpha"). Alpha is a global market leader in providing specialist consultancy services to blue chip asset and wealth managers and their third party administrators. Alpha has over 200 consultants deployed across six major financial centres working on behalf of more than 130 top asset and wealth management clients. Alpha currently advises three quarters of the top 50 global asset managers.

In May 2016 an investment of £4.2m was made in Kingsbridge Risk Solutions ("Kingsbridge"). Kingsbridge is one of the UK's market leading providers of insurance services to contractors, freelancers and independent professionals. Kingsbridge covers the broadest range of industry sectors in its market, including aerospace, banking and finance, rail, automotive, nuclear, oil and gas and information technology.

An investment of £7.3m was made in CitySprint Newco as discussed below. There were also follow-on investments of £0.3m in Premier and £0.3m in EV.

During the year Innova/5 invested a total of £3.2m. In February 2016 £1.6m was invested in Trimo a leading Central and Eastern European provider of high quality building products. In addition, £0.8m was invested in PeP a leading Polish payment services provider and £0.4m in Netsprint an internet advertising business. A further £0.2m was drawn for a follow-on investment in Bakalland, a manufacturer of grocery products, and £0.2m was drawn for operating expenses of the fund.

Following the year end in March 2017, the Company made an investment of £5.9m through the Dunedin Buyout Fund III in Forensic Risk Alliance ("FRA"). FRA is an international consultancy business that provides forensic accounting, data analytics and e-discovery expertise to help businesses manage risk in an

increasingly regulated global environment. FRA works on some of the largest and most complex regulatory investigations globally. Its clients are typically blue-chip multi-national corporates seeking advice to help navigate regulatory scrutiny, effect compliant cross border data transfer and manage risk.

### Realisations

In February 2016 the investment in CitySprint was partially realised in a sale to LDC. On completion Dunedin Enterprise received proceeds totalling £26.1m of which £22.8m was capital and £3.3m was loan interest. A total of £7.3m has been rolled into a CitySprint Newco alongside LDC, resulting in net cash proceeds received of £18.8m by Dunedin Enterprise. Dunedin Enterprise retains a 5% interest in the Newco. The overall return to Dunedin Enterprise was 2.8 times the original investment of £9.8m over five years.

During the year there were also redemptions of loan stock at Kee Safety (£1.1m), Blackrock (£0.7m) and RED (£0.3m).

One of the two European funds, Innova/5, realised £3.8m during the year. In December Innova/5's investment in Wirtualna Polska, the internet portal business, was realised. Proceeds were received in two tranches, the first in December of £1.5m with the balance of £0.7m in January 2017. The investment generated a return of 2.7 times the original cost.

A further £0.9m was generated from the sale of Provus, the Romanian credit card processing and financial services company, generating a multiple of 2.2 times original cost. Marmite, the manufacturer of sanitary ware was also realised, generating proceeds of £0.7m and a multiple of 1.6 times original cost. There was also a return of £0.7m of an unused capital call.

Following the year end in February 2017 the investment in Steeper was realised. Steeper is a leading supplier of rehabilitation services including prosthetic, orthotic and electronic assistive devices and services. Total proceeds from the investment on completion amounted to £8.9m, consisting of capital of £6.7m and income of £2.2m. This compares to a valuation of £3.9m at 30 September 2016, an uplift of £5.0m on exit.

### Cash and commitments

As at 31 December 2016 the Company had cash and near cash balances of £2.6m all of which is denominated in Sterling. The Company has a revolving credit facility with Lloyds Bank of £20m which is available until 31 May 2018.

At 31 December 2016 the Company had undrawn commitments totalling £36.9m. These undrawn commitments are split between Dunedin managed funds of £33.5m and a further €4.0m (£3.4m) of undrawn commitments to the two remaining European funds. It is expected that approximately £20m of the total outstanding commitments will ultimately be drawn over the remaining life of the funds.

### Unrealised valuation uplifts

In the year to 31 December 2016 there were valuation uplifts generated from the following investments: Blackrock (£4.9m), Kee Safety (£3.3m), Innova (£2.8m), Realza (£2.0m) and U-POL (£1.3m).

Blackrock provides Independent Expert Witnesses to dispute and litigation resolution in the growing global construction market. Large global construction projects are often written under English contract law with disputes resolved through the English courts. Blackrock is appointed by the Court to provide expert testimony on the quantum of cost involved in construction disputes. The company has grown strongly during the year with maintainable earnings increasing by 63%. An increasing demand for the company's services has enabled it to benefit from a higher level of utilisation for its consultants and for the company to increase its number of fee earning consultants. The EBITDA multiple applied in the valuation of Blackrock has increased from 7.5x to 8.0x, reflecting the increasing scale of the business.

Kee Safety provides collective fall protection systems and solutions. The company services a growing worldwide market which is being driven by more rigorous enforcement and awareness of health and safety regulations. The maintainable earnings of Kee Safety increased by 28% during the year. This growth has been driven both organically and through acquisition. Since Dunedin's investment the company has made eleven acquisitions around the world and continues to assess a pipeline of further acquisitions. Kee Safety has also benefitted from a weakening of Sterling as 70% of Kee Safety's revenues are denominated in either US Dollars or Euros.

U-POL is a leading manufacturer of branded automotive refinishing consumables (fillers, polishes and coatings). During the year maintainable earnings at U-POL increased by 8%. A new management team was introduced into the company during the year. This team has driven a process of product rationalisation and re-branding which is beginning to have a positive effect on trading performance at the company.

Following the improved trading performance of the business and prospects for its future performance, the EBITDA multiple applied in valuing the business has increased from 7.5x to 8.3x.

The valuation of Steeper has increased by £5.0m during the year. This reflects the realised proceeds which were received in February 2017 as discussed above. In addition, proceeds amounting to 10% of the total, being £1.0m, have been deferred for 18 months. Due to the contingent nature of these deferred proceeds no value has been placed on them as at 31 December 2016.

During the year there has been an increase in the valuation of the Innova/5 portfolio totalling £2.8m. The impact of foreign currency movements accounts for £1.2m of the uplift. Excluding the impact of currency movements the most significant valuation movements in the Innova/5 portfolio were uplifts at Trimo (£0.6m), Bakalland (£0.5m) and WP (£0.2m).

The valuation of the Realza portfolio increased by £2.0m during the year. This valuation movement was primarily due to foreign currency movements (£1.6m) with the balance being attributable to portfolio valuation movements.

### Unrealised valuation reductions

The most significant valuation reductions in the year to 31 December 2016 were at Formaplex (£4.4m), EV (£3.0m), Hawksford (£2.7m), Pyroguard (£2.2m) and Red (£1.7m).

Formaplex designs and manufactures injection-moulded tooling, composite tooling and lightweight components for the automotive industry. During 2016 Formaplex opening a new 120,000 sq ft factory to undertake its mould, assembly and paint operations. The transition to this new facility caused disruption to trading at Formaplex, as well as costs associated with the introduction of new product lines and an unfavourable sales mix. This led to a reduction in maintainable EBITDA of 45%. The EBITDA multiple applied in valuing the business has also been reduced from 7.0x to 6.0x to reflect the company's trading performance. During 2016 a new management team has been installed and there are positive signs of a recovery in the business with the new factory fully operational and a strong order book from high end car manufacturers.

EV is a global leader in the provision of high performance, ruggedised video cameras and engineers to analyse problems in oil and gas wells. Trading at the business continues to be impacted by the low price of oil. Several key initiatives are being undertaken by the management to the company to stabilise the financial position of the business. The company is also changing its business model towards a higher proportion of contracted work compared to one-off assignments.

The maintainable earnings at Hawksford, the leading independent international provider of corporate private client and specialist fund services, fell by 24% during the year. A significant factor in this reduction was the disruption caused by an aborted sales process during 2016. Uncertainty over the outcome of this process impacted the pipeline of new business with intermediaries being reluctant to introduce new clients to Hawksford. A new Chief Executive Officer has been appointed alongside other management changes in order to re-energise the business.

During 2016 Pyroguard, the UK's leading manufacturer of fire resistant glass, suffered from production issues at its French factory creating delays in the delivery of products to customers. This led to maintainable profit reducing by 33% during the year. Management changes have been made at the business during the year and significant production improvements at the French factory have followed these changes.

Red provides SAP software experts on both a contract and permanent basis. The maintainable earnings of the business have continued to be negatively impacted by an unfavourable product mix. There has been a strong performance from the lower margin contract side of the business during 2016 which has been offset by under performance in the higher margin permanent side of the business.

### Valuations and Gearing

The average earnings multiple applied in the valuation of the Dunedin managed portfolio was 8.6x EBITDA (2015: 8.4x), or 10.2x EBITA (2015: 9.8x). These multiples continue to be applied to maintainable profits.

Within the Dunedin managed portfolio, the weighted average gearing of the companies was 3.3x EBITDA (2015: 2.3x) or 3.8x EBITA (2015: 2.6x). A significant portion of this increase is due to the re-gearing undertaken during the year at U-POL and Kee Safety.

Analysing the portfolio gearing in more detail, the percentage of investment value represented by different gearing levels was as follows:

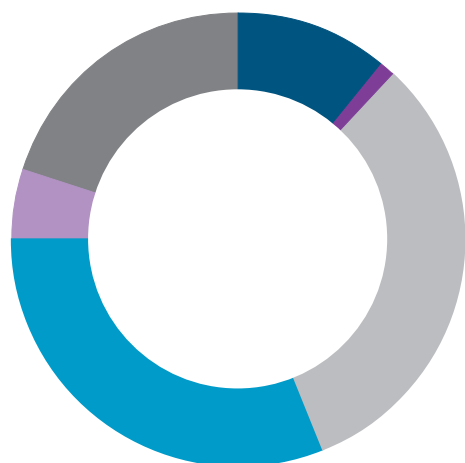
Less than 1 x EBITDA	24%
Between 1 and 2 x EBITDA	7%
Between 2 and 3 x EBITDA	17%
More than 3 x EBITDA	52%

Of the total acquisition debt in the Dunedin managed portfolio companies the scheduled repayments are spread as follows:

Less than one year	6%
Between one and two years	4%
Between two and three years	7%
More than three years	83%

### Fund Analysis

The chart below analyses the investment portfolio by investment fund vehicle.



Direct	11%
Dunedin Buyout Fund I	1%
Dunedin Buyout Fund II	32%
Dunedin Buyout Fund III	31%
Equity Harvest Fund	5%
Third Party managed	20%

### Portfolio Analysis

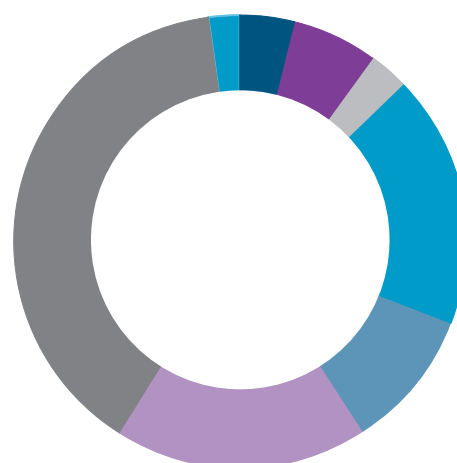
Detailed below is an analysis of the investment portfolio by geographic location as at 31 December 2016.



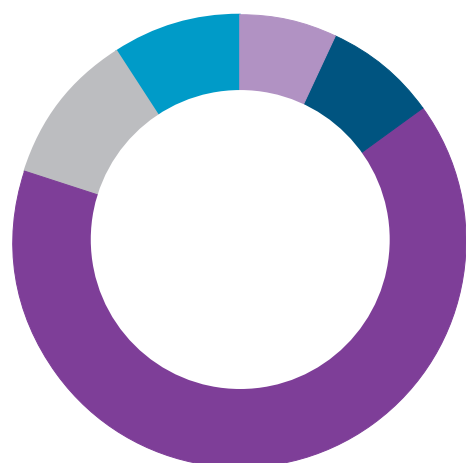
UK	80%
Rest of Europe	20%

### Sector Analysis

The investment portfolio of the Company is broadly diversified. At 31 December 2016 the largest sector exposure of 39% remains to the diverse Support Services sector.



Automotive	4%
Construction and building materials	6%
Consumer products & services	3%
Financial services	18%
Healthcare	10%
Industrials	18%
Support services	39%
Technology	2%

**Valuation Method**

Cost	8%
Earnings – provision	8%
Earnings – uplift	64%
Assets basis	11%
Exit value	9%

**Year of Investment**

In the vintage year chart below, current value is allocated to the year in which either Dunedin Enterprise or the third party manager first invested in each portfolio company.



<1 year	14%
1-3 years	21%
3-5 years	17%
>5 years	48%

**Dunedin LLP**

20 March 2017

## Top ten investments (held via funds and direct investments)



Percentage of equity held	<b>8.9%</b>
Cost of Investment	<b>£9.0m</b>
Directors' valuation	<b>£11.8m</b>
Percentage of Dunedin Enterprise's net assets	<b>11.4%</b>



### Realza Capital

#### Business description

Realza Capital FCR is a Spanish private equity fund making investments in Spain and Portugal. The fund is limited to investing 15% of commitments in Portugal. Dunedin Enterprise's investment is held via Dunedin Fund of Funds LP.

The fund invests in companies with leading market positions and attractive growth prospects either through organic growth or through subsequent merger & acquisition activity. Realza seeks to invest in companies with an Enterprise Value normally ranging from €20m to €100m.

The fund's typical equity investment ranges from €10m to €25m.

#### Investment rationale

A €15m commitment was made to Realza in 2008. This commitment was made in accordance with the Trust's investment policy of investing in limited partnership funds with a European investment remit which invested in transactions of a similar nature and size to Dunedin.

#### What has been achieved

To date Realza has drawn down 93% of commitments. The fund has made seven investments to date of which one has been realised. The areas of business in which the fund's remaining investments operate are the:-

- management and operation of dental clinics;
- manufacture and sale of household cleaning and personal care products;
- provision of tax management services to local government;
- manufacture and sale of water pumps for the automotive industry;
- provider of printing and varnishing services for metal can and closure manufacturers; and
- producer of premium tomatoes.

#### Performance

To date there has been one realisation achieved by the fund. Hofmann, the manufacturer and seller of digital photo-books was realised in 2014 generating a multiple on original cost of 2.3x. The remaining investments are valued at 1.5x cost.

## Hawksford

Percentage of equity held **17.8%**

Cost of Investment **£5.6m**

Directors' valuation **£10.3m**

Percentage of Dunedin Enterprise's net assets **9.9%**



## Hawksford

### Business description

Hawksford is a leading international provider of corporate, private client and funds services. The business offers a comprehensive range of services and solutions to and for trusts, companies, foundations, partnerships, family offices and investment funds.

In the last five years the company has completed the acquisitions of Key Trust Company Limited, Trustcorp Jersey Limited, the funds business of Standard Bank Dubai and Janus Corporate Solutions. These acquisitions have further enhanced Hawksford's market-leading position through additional high quality people and clients. The focus of the business remains on providing excellent service and increasing client choice by investing in technology and growing the international footprint.

### Investment rationale

Hawksford presented an opportunity to invest in a cash generative company with a stable core business, high levels of repeat business and very good long term client structures and relationships. There was a clear opportunity to create value through increased operational efficiency and marketing capability, proactive business development, international expansion into new geographies and an acquisition strategy in a highly fragmented sector.

### Value creation

Growth is expected to be delivered through continued international expansion and continuing the proactive buy-and-build strategy. Dunedin has played a significant role in identifying, evaluating and funding bolt-on acquisitions and Hawksford has a strong pipeline of these acquisition opportunities.

### What has been achieved

Since the management buyout in October 2008, Hawksford has completed five acquisitions, the latest being Janus Corporate Solutions in Singapore. This followed Hawksford's expansion in Jersey and the Middle East and extended the company's global reach into the Far East, where it opened an office in Hong Kong in 2015. Hawksford continues to assess acquisition opportunities.

Dunedin organised and led the recruitment of the new CEO, Michel van Leeuwen. The financial management has been further strengthened with the appointment of Steve Spybey as the new Finance Director on his return from running the Singapore operation. To prepare for the next phase of growth, new, highly experienced, Heads of the Private Client, Funds and Corporate Service businesses have been appointed in the last 6 months.

### Performance

In the year to 31 December 2015, the EBITDA of Hawksford was £5.3m (2014: £4.1m) on turnover of £22.0m (2014: £21.5m).



Blackrockpm

Percentage of equity held	<b>7.0%</b>
Cost of Investment	<b>£4.2m</b>
Directors' valuation	<b>£10.0m</b>
Percentage of Dunedin Enterprise's net assets	<b>9.6%</b>



## Blackrock PM

### Business description

Blackrock PM is a professional services firm that provides independent expert witness and construction consulting services for large, international construction projects. Blackrock has advised on litigation in connection with some of the most iconic buildings in the world including The Shard and the Burj Khalifa, the world's tallest building. The company has developed a growing practice in independently assessing the precise reasons for, and costs involved in the disputes. These skills are in short supply in Europe, the Middle East and Asia.

### Investment rationale

Blackrock PM is a high margin, cash generative, professional services firm, well positioned in an attractive market niche, serving an international client base. Blackrock has built a very strong team in its sector and is seen as one of the best incubators for talent in the market.

### Value creation

The global construction market continues to grow. The complexity of the projects will lead to greater propensity for issues to arise and therefore an increase in litigation cases in the sector. Blackrock has a strong pipeline of high profile contracts.

### What has been achieved

Blackrock has opened an office in Dubai and is winning significant contracts in the Middle East.

Dunedin is working in conjunction with management to make operational improvements – developing and implementing an IT strategy, building out the human resource function, developing a marketing plan and sourcing and executing acquisition opportunities.

Dunedin has assisted in the appointment of a CFO and COO.

### Performance

In the year to 31 December 2015, the EBITDA of Blackrock PM was £8.8m (2014: £5.6m) on turnover of £16.1m (2014: £9.4m).



Percentage of equity held	<b>7.2%</b>
Cost of Investment	<b>£5.2m</b>
Directors' valuation	<b>£9.8m</b>
Percentage of Dunedin Enterprise's net assets	<b>9.5%</b>



## Kee Safety

### Business description

Kee Safety is a UK headquartered, global, market-leading provider of collective fall protection, safety systems and solutions. The business has 271 employees spread across the UK, Europe, North America, the Middle East and Far East, and sells its products in more than 50 countries. Its core patent protected product range includes modular barrier systems, guardrails, access platforms, safety gates and specialist fixings. The business has multiple routes to market through an international direct sales force, direct to OEM, online and through the distributor channel. Kee Safety's customers range from multi-national corporations to major contractors, distributors and installers.

### Investment rationale

Kee Safety services a large growing market, driven by more rigorous enforcement and awareness of health and safety regulations. It has a proven management team supported by regional managing directors in each of its main geographies. Its strong margins are driven by world class service, with 98% of orders available for immediate dispatch and a low cost supply base in China.

### Value creation

Further growth is expected through geographic expansion in existing and new territories and bolt-on acquisitions. The business will continue to use a multi route to market model to accelerate growth. Margins will be increased through process engineering, price management and the further deployment of its low cost supply chain.

### What has been achieved

Since Dunedin invested in 2013 Kee Safety has continued its organic growth strategy, opening an office in Singapore; developing new product lines including next generation wire systems and safety gates; and making eleven acquisitions. During 2016 Kee Safety completed three acquisitions.

### Performance

In the year to 31 December 2015, the EBITDA of Kee Safety was £13.2m (2014: £11.1m) on turnover of £51.1m (2014: £40.5m).

# WELDEX

Percentage of equity held	<b>15.1%</b>
Cost of Investment	<b>£9.5m</b>
Directors' valuation	<b>£9.6m</b>
Percentage of Dunedin Enterprise's net assets	<b>9.3%</b>



## Weldex

### Business description

Weldex is a market-leading crawler crane hire business in the UK, with the 11th largest lifting capacity globally. It serves the offshore wind, oil and gas and commercial construction markets. Its cranes, including two of the largest in the UK, have been used in a number of significant construction projects including Heathrow Terminal 5, the iconic arch at the new Wembley Stadium, the 2012 Olympic site and Crossrail. More recent projects include erecting a Mitsubishi wind turbine at the offshore test facility at Hunterston, North Ayrshire, and refurbishing the blast furnace at the Tata steel works in Scunthorpe.

Weldex was established in 1979 and has grown into the UK's largest crawler crane hire company. The company employs over 100 staff and operates nationwide and overseas from its headquarters in Inverness and its depot at Alfreton. The company provides its customers with an established team of fully accredited operators, site managers and service engineers and also supplies associated lifting equipment including wheeled cranes, forklifts, lorry loaders and trailers.

### Investment rationale

Weldex is a market-leading business serving the renewables and power generation market, where growth is driven by the developing UK energy gap and EU legislation on climate change. The offshore wind installation infrastructure is supply constrained and Weldex services this niche. There are strong barriers to entry: high capital expenditure, long lead times to source cranes, the need for experienced operators, and Weldex's reputation.

### Value Creation

Value creation is expected to be generated through continued investment in the crawler crane fleet to meet demand in Weldex's targeted sectors. Key growth areas are in renewable energy infrastructure, power generation and industrial and commercial construction.

### What has been achieved

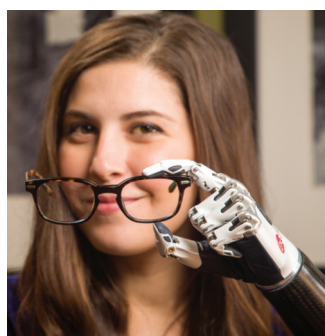
Weldex has continued to invest in its core fleet. A new independent non-executive Chairman was appointed in 2014 with extensive international experience. This breadth of experience complements the existing management team's operational expertise.

### Performance

In the year to 30 November 2015, the EBITDA of Weldex was £11.7m (2014: £17.3m) on turnover of £22.3m (2014: £31.7m).



Percentage of equity held	<b>37.4%</b>
Cost of Investment	<b>£5.3m</b>
Directors' valuation	<b>£8.9m</b>
Percentage of Dunedin Enterprise's net assets	<b>8.6%</b>



## Steeper

### Business description

Steeper is a leading UK supplier of rehabilitation services including prosthetic, orthotic and electronic assistive devices and services. It provides rehabilitation solutions to enable patients to live full and independent lives, including artificial limbs, specialist footwear, braces and supports and electronic devices to aid daily living.

### Investment rationale

The original investment thesis for Steeper was to further consolidate the market position of the business both by driving more value from existing customers and by successfully winning new NHS service contracts. At the time of the investment the main focus on the value creation plan was Steeper's services business.

Subsequent to the investment a change in NHS strategy led to Steeper having to re-define its strategy placing significantly more emphasis on its products business.

### Value Creation

This change in strategy allowed the company to develop an international franchise in the design and manufacture of prosthetic and orthotic products.

Dunedin invested further in Steeper to support its growth plans, helping it to break into new markets including the US and launching new products such as the bebionic hand.

### What has been achieved

Dunedin Enterprise realised its investment in Steeper in February 2017. Capital and accrued interest in Steeper was valued at £3.9m as at 30 September 2016, the last published valuation. Total initial proceeds from the sale amounted to £8.9m (an uplift of £5.0m, or 24.4p per share), consisting of capital of £6.7m and income of £2.2m. In addition, proceeds amounting to £1.0m are subject to an earn-out over the following 18 months.

The Board is not proposing to return any of the capital proceeds to shareholders due to the current level of outstanding undrawn commitments. The income receipts will be paid out to shareholders via a dividend in due course.

### Performance

In the year to 28 February 2016, the EBITDA of Steeper was £1.7m (2015: £2.4m), on turnover of £32.5m (2015: £32.5m).



Percentage of equity held	<b>3.9%</b>
Cost of Investment	<b>£8.5m</b>
Directors' valuation	<b>£8.7m</b>
Percentage of Dunedin Enterprise's net assets	<b>8.4%</b>



## Innova/5

### Business description

Innova/5 LP is a €380.8m private equity fund based in Warsaw which makes investments in Central Eastern Europe. Dunedin Enterprise's investment is held via Dunedin Fund of Funds LP.

The fund invests in mid-market buyouts in businesses with an enterprise value of between €50m and €125m. Its investment focus is Financial Services; Technology, Media, & Telecommunications (TMT); Business Services; Construction; Energy; and Industrial & Automotive.

### Investment rationale

A €15m commitment was made to Innova in 2010. This commitment was made in accordance with the Trust's investment policy (at that time) of investing in limited partnership funds with a European investment remit which invested in transactions of a similar nature and size to Dunedin.

### What has been achieved

To date Innova has drawn down 80% of commitments. The fund has made eleven investments to date of which four have been realised.

The areas of business in which the fund's remaining investments operate are:-

- provision of obstetric, gynaecological and neonatal services to private hospitals;
- products, design, engineering, project management and maintenance services for the energy sector;
- dried fruits and nuts, healthy bars, baking ingredients and desert producer;
- integrated logistics operator;
- provider of complete solutions for building envelopes and steel facade systems; and
- payment services provider.

### Performance

To date there have been four realisations achieved by the fund generating a return of 2.0x cost. The remaining investments in the fund are valued at 1.3x cost.



Percentage of equity held	<b>5.1%</b>
Cost of Investment	<b>£7.3m</b>
Directors' valuation	<b>£8.0m</b>
Percentage of Dunedin Enterprise's net assets	<b>7.7%</b>



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## CitySprint

### Business description

CitySprint is the UK's largest national time-critical and same-day distribution network. It benefits from an asset-light business model with over 3,000 self-employed couriers, making the business both highly flexible and scalable. It operates from 40 service centres in the UK and can deliver to over 87% of the mainland UK population within 60 minutes. It handles over ten million critical same-day deliveries a year, providing flexible, reliable and cost-effective solutions.

CitySprint offers a range of services including SameDay Courier, UK Overnight and International courier services, as well as more complex logistics services. It services a number of different sectors, including healthcare, online retail fulfilment and parts fulfilment such as outsourced supply chain services for engineering and servicing companies. CitySprint now has the UK's largest same-day healthcare courier network.

### Investment rationale

CitySprint has a unique, highly scalable business model with a sustainable competitive advantage. It is entirely differentiated from next day courier businesses where the market is much more competitive and made up of larger organisations. The company's market-leading technology platform underpins its asset-light business model. It exploits opportunities in new markets such as pharmacy, healthcare and e-retail and is active in the development of new products and market-leading technology, particularly in the retail and healthcare divisions. It has a highly experienced management team with a track record in Buy and Build and organic growth.

### Value creation

The company is achieving good revenue and profit growth through its very active buy-and-build and organic growth strategies. It continues to assess an active pipeline of acquisition opportunities.

### What has been achieved

During 2016, CitySprint made five acquisitions to expand its reach and consolidate its position as the UK's leading private same-day distribution company, bringing the number of acquisitions made since Dunedin's buyout to 27.

In February 2016 Dunedin Enterprise realised its investment in CitySprint with a portion of the proceeds being rolled over into a newco. The realisation of CitySprint valued the company at £175m and generated proceeds of £26.1m for Dunedin Enterprise. This compares to a valuation at 30 September 2015 of £23.2m. The proceeds were split between capital of £22.8m and income of £3.3m. The proceeds represented a return of 2.75 times over five years on the original investment of £9.8m when taking account of income previously received.

### Performance

In the year to 31 December 2015, the EBITDA of CitySprint was £16.8m (2014: £13.5m) on turnover of £146.0m (2014: £129.0m).



Percentage of equity held	<b>11.5%</b>
Cost of Investment	<b>£8.1m</b>
Directors' valuation	<b>£7.1m</b>
Percentage of Dunedin Enterprise's net assets	<b>6.9%</b>



## Alpha

### Business description

Alpha is the leading global asset and wealth management consulting firm.

Founded in London in 2003, Alpha has grown rapidly and is now the global market leader in providing specialist consultancy services to blue chip asset and wealth managers and their third party administrators. Alpha has over 200 consultants deployed across six major financial centres (London, Paris, New York, Boston, The Hague & Luxembourg), working on behalf of more than 130 top asset and wealth management clients. Alpha currently advises three quarters of the top 50 global asset managers.

The company's equity is widely held across its employee base and its unique culture is enhanced by this sense of shared ownership.

This growth has been driven by strong market demand for Alpha's unique consulting capability which combines unprecedented content and industry leading consulting expertise with detailed proprietary benchmarking data. Alpha was voted "European Consultant of the Year" at the Funds Europe Awards in December 2015.

The demand for these skill sets is ever increasing and Alpha's strong growth trajectory is expected to continue into 2017 and beyond driven by further geographic and sector expansion and supported by strong client activity in the core areas in which Alpha specialises.

### Investment rationale

Alpha operates in an attractive market, serving an increasingly complex asset management industry that is facing the combined challenge of regulatory, cost and operational pressures. Alpha works with a very high proportion of the top asset managers in the world to enhance their operational systems. It has a strong management team, with a proven track record. Between 2013 and 2015 the business grew from 65 to 165 consultants.

### Value creation

Growth is expected through building out the team of high calibre consultants to grow the existing service lines in asset management and wealth management; to expand into adjacent markets; and to expand into new geographies.

### What has been achieved

Dunedin supported the appointment of a very experienced Non-Executive Director in June 2016.

### Performance

In the year ended 31 March 2016, the EBITDA of Alpha was £6.0m, on turnover of £36.4m.

**CGI**  
INTERNATIONAL LTD

Percentage of equity held	<b>41.7%</b>
Cost of Investment	<b>£9.4m</b>
Directors' valuation	<b>£4.3m</b>
Percentage of Dunedin Enterprise's net assets	<b>4.2%</b>



## CGI (trading as Pyroguard)

### Business description

Since Dunedin Enterprise first invested in CGI the company has been through two refinancings, allowing Dunedin Enterprise to realise a total of £14.5m in capital and income to date from this investment. CGI, trading under the Pyroguard brand, is a leading independent designer, manufacturer and supplier of specialist fire resistant glass. The company serves the construction markets in the UK, Ireland, France, Holland, Scandinavia, Eastern Europe and the Middle East from its manufacturing bases in Haydock, UK and Seingbouse, France. Significant recent projects completed by CGI include the installation of fire-resistant glass at Here East (the multipurpose redevelopment of the former 2012 Olympic site), the Biomedicum medical facility in Stockholm, the Paris Expo redevelopment project, and Zaanstad Prison in the Netherlands.

### Investment rationale

CGI operates in a highly regulated market which creates strong barriers to entry. Pyroguard is manufactured using a patented process which has certain advantages over its competitors such as flexibility, cost and immediate delivery. Pyroguard produces clear glass which is taking market share from wired glass. Fire regulations throughout Europe are becoming stricter and standards demanded by insurance companies are rising, which are advantageous to CGI.

### Value creation

CGI has followed a commercial strategy which combines acquisition with organic growth. In 2012 it acquired Interfer SA, the French-based manufacturer of fire glass products. The focus for the business going forward is to sell directly to product users rather than to distributors as was the case historically. A number of large high profile direct projects have been won over the last two years, allowing CGI to demonstrate its future project credentials.

### What has been achieved

CGI has invested in people, expanding both its European sales team as well as its R&D team. The business has also appointed consultants to improve factory and process efficiencies which has resulted in significant cost savings. A new COO was appointed in January 2017 who will oversee both manufacturing facilities.

### Performance

In the year ended 31 December 2015, the EBITDA of CGI was £1.5m (2014: £2.4) on turnover of £15.8m (2014: £15.8m).

## The Remaining Investments (held directly and via funds)

Company Last reported	Proportion of fully diluted capital owned %	Book cost £m	Valuation £m	Percentage of net assets %
Description of business				
<b>Kingsbridge</b> Recent investment Provider of insurance services to contractors	12.7	4.1	4.3	4.2
<b>U-POL</b> 31.12.15 Manufacturer of automotive refinish products	5.0	5.7	4.0	3.9
<b>Formaplex</b> 30.6.16 Design and manufacture of tooling components for the automotive industry	17.7	1.7	2.1	2.0
<b>Premier Hytemp</b> 30.08.16 Provider of high engineered steel and nickel alloys and machined components for the gas and oil industry	20.7	9.2	1.5	1.4
<b>EV</b> 31.03.16 Provider of high performance ruggedised video cameras and engineers that are used to analyse problems in oil and gas wells	10.6	7.4	1.0	0.9
<b>Red</b> 31.03.16 Global provider of SAP software experts to international corporations and consultancies	20.1	10.4	0.4	0.4
<b>Add One</b> 31.12.15 Technology fund	2.9	1.2	0.2	0.2
<b>Alta-Berkeley VI</b> 31.12.15 Technology fund	3.0	0.6	0.2	0.2
<b>Advent Private Equity Fund III</b> 31.12.15 Technology fund	9.4	0.9	–	–

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## Strategic Report

This Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

### Business and Status

The Company carries on business as an investment trust. The last accounting period for which the Company has been treated as approved as an investment trust by HM Revenue & Customs was for the year ended 31 December 2015. In the opinion of the Directors, the Company has conducted its affairs during the period under review, and subsequently, so as to meet the eligibility conditions in Section 1158 of the Corporation Taxes Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instruments 2011/2999).

The Board has contractually delegated the management of the investment portfolio to the Manager, Dunedin LLP ("Dunedin"). A summary of the terms of the Alternative Investment Fund Management Agreement is contained in the Directors' Report on page 29.

The existing Investment Objective and Investment Policy of the Company are detailed below.

### Investment Objective and Policy

The Company's investment objective, approved by shareholders at a general meeting in May 2016, is to conduct an orderly realisation of its assets, to be effected in a manner that seeks to achieve a balance between maximising the value of the Company's investments and progressively returning cash to Shareholders.

The Company's investment policy is to invest primarily in private equity investments, either through private equity funds managed by Dunedin or directly.

The Company may not make any new investments save that: (i) investment may be made to honour commitments to funds under existing contractual arrangements; (ii) further investment may be made into the Company's direct investments in order to preserve the value of such investments; and (iii) realised cash may be invested in liquid cash-equivalent securities, including short-dated corporate bonds, government bonds, cash funds or bank cash deposits pending its return to Shareholders in accordance with the Company's investment objective.

No more than 10 per cent. of the Company's total assets may be invested in any single cash equivalent instrument or placed on deposit with any single institution, except that this limit does not apply to investment in government bonds, which shall be unconstrained.

The use of gearing shall be limited to the investment of up to £20m of borrowed funds or, if less, 20 per cent. of the Company's NAV (measured at the time of drawdown).

The Company will not invest in other listed closed-end investment funds.

The Company will continue to comply with the requirements of UK investment trust legislation and the restrictions imposed on closed-ended investment funds by the Listing Rules in force from time to time.

In common with most investment companies, the Company may borrow to finance further investment. Although the Company is permitted by its Articles of Association to borrow an amount equal to the amount paid up on the issued share capital and the total amounts standing to the credit of the capital and revenue reserves of the Company, the Board's policy is that financial gearing will not exceed 40 per cent. of gross asset value.

### Risk Management

The Board carries out a regular and robust review of the risk environment in which the Company operates. The principal risks and uncertainties identified by the Board which might affect the Company's business model and future performance, and the steps taken with a view to their mitigation, are as follows:

**Investment and liquidity risk:** the Company's investments are in small and medium-sized unquoted companies, which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies. **Mitigation:** the Manager aims to limit the risk attaching to the portfolio as a whole by closely monitoring individual holdings, including the appointment of investor directors to the board of portfolio companies. The Board reviews the portfolio, including the schedule of projected exits, with the Manager on a regular basis with a view to ensuring that the orderly realisation process is progressing.

**Portfolio concentration risk:** following the adoption of the Company's revised investment policy in May 2016 the portfolio will become more concentrated as investments are realised and cash is returned to shareholders. This will increase the proportionate impact of changes in the value of individual investments on the value of the Company as a whole. The Directors' valuation of the Company's investments represents their best assessment of the fair value of the investments as at the valuation date and the amounts eventually realised from such investments may be more or less than the Directors' valuation. **Mitigation:** the Directors and Manager keep the changing composition of the portfolio under review and focus closely on those holdings which represent the largest proportion of total value.

**Financial risk:** most of the Company's investments involve a medium to long term commitment and many are relatively illiquid. **Mitigation:** the Directors consider it appropriate to finance the Company's activities through borrowing on a short-term basis. Accordingly, the Board seeks to ensure that the availability of cash reserves and bank borrowings match the forecast cash flows of the Company both on a base and stress case basis given the level of undrawn commitments to limited partnership funds.

**Economic risk:** events such as economic recession or general fluctuations in stock markets and interest rates may affect the valuation of portfolio companies and their ability to access adequate financial resources, as well as affecting the Company's own share price and discount to net asset value. **Mitigation:** the Company invests in a diversified portfolio of investments spanning various sectors, and maintains access to sufficient cash reserves to be able to provide additional funding to portfolio companies should this become necessary.

**Credit risk:** the Company holds a number of financial instruments and cash deposits and is dependent on counterparties discharging their commitment. **Mitigation:** the Directors review the creditworthiness of the counterparties to these investments and cash deposits and seek to ensure there is no undue concentration of credit risk with any one party.

**Currency risk:** the Company is exposed to currency risk as a result of investing in companies and funds denominated in euros. The sterling value of these investments can be influenced by movements in foreign currency exchange rates. **Mitigation:** Currency risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

**Internal control risk:** the Company's assets could be at risk in the absence of an appropriate internal control regime.

**Mitigation:** the Board regularly reviews the system of internal controls, both financial and non-financial, operated by the Company and the Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

### Borrowings

In common with most investment companies, the Company may borrow to finance further investment. Although the Company is permitted by its Articles of Association to borrow an amount equal to the amount paid up on the issued share capital and the total amounts standing to the credit of the capital and revenue reserves of the Company, the Board's policy is that the use of gearing shall be limited to the investment of up to £20 million of borrowed funds or, if less, 20 per cent. of the Company's NAV (measured at the time of drawdown).

The Company currently has a £20m revolving credit facility with Lloyds Bank plc which expires on 31 May 2018. There are standard bank covenants attached to the facility including a minimum net asset value covenant of £50m which the Board monitors on an ongoing basis.

### Review of Performance

An outline of the performance, market background, investment activity and portfolio during the year under review and the performance over the past 10 years, as well as the investment outlook, are provided in the Chairman's Statement on pages 3 and 4 and the Manager's Review on pages 8 to 12. Details of the Company's top ten investments can be found on pages 13 to 22 with the remaining investments detailed on page 23.

### Monitoring Performance – Key Performance Indicators

At each Board meeting the Directors consider a number of performance indicators to assess the Company's success in achieving its objectives, which include both absolute and relative performance compared to the market indices and peer group. The key performance indicators ('KPIs') used to measure the progress and performance of the Company are as follows:

- cash distributions to shareholders;
- movement in share price;
- movement in net asset value per ordinary share;
- movement in share price;
- movement of net asset value and share price performance compared to the Benchmark; and
- ongoing charges.

Details of the KPIs are shown on pages 1 and 2.

### Share Buyback

The Board recognises that it is in the long term interests of shareholders to reduce discount volatility and believes that the prime driver of discounts over the longer term is performance. As outlined on page 30, the Board intends to seek renewal of its annual share buyback authority. The Board does not intend to issue a precise discount target at which shares might be bought back as it believes that the announcement of specific targets would be likely to hinder the successful execution of a buyback policy.

### Social, Community, Human Rights, Employee Responsibilities and Environmental Policy

As an investment trust, the Group has no direct social, community, or employee responsibilities. Dunedin, with the support of the Board, does however take environmental, social and governance factors and human rights issues into consideration with regard to investment decisions made on behalf of the Company. The Company has no employees and no requirement to report separately on this area, as the management of the portfolio has been delegated to Dunedin. Details of the Alternative Investment Fund Management Agreement are provided on page 29.

### Diversity

At 31 December 2016, there were three male directors and one female director on the Board. The Board's policy on diversity is set out on page 31.

By order of the Board

### Duncan Budge

Chairman  
20 March 2017

## Directors' Report

The Directors present their report and audited financial statements for the year to 31 December 2016.

The Manager of the Company is Dunedin LLP ("Dunedin"). The Board is independent of Dunedin. The Company's registration number is SC052844.

### Going Concern

The financial statements have not been prepared on a going concern basis, since the Company's current objective is to conduct an orderly realisation of the investment portfolio and return cash to shareholders. No adjustments were necessary to the investment valuations or other assets and liabilities included in the financial statements as a consequence of the change in the basis of preparation.

### Statement on long-term viability

In accordance with the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over the three year period to 31 December 2019. The Directors consider that for the purpose of their assessment it is not practical or meaningful to look forward over a period of more than three years. Furthermore, the Directors deem that this reflects a balance between assessing the Company's prospects over the longer term and the uncertainties inherent in looking out further than three years. The Board recognises that the Company's bank facility expires in May 2018. The current assessment does not envisage an extension to the facility. The Manager is in ongoing discussions with the Bank should the facility require to be extended.

The Board has taken account of the Company's current position and carried out a robust assessment of the principal risks and uncertainties facing the Company and the mitigating actions as identified in the Strategic Report. The Board also considered the major factors which effect the economic, regulatory and political environment.

The assessment also took into account: -

- the nature of the Company's business, including cash reserves and borrowing facilities available to the Company,
- the potential for its unlisted portfolio to generate future income and capital proceeds,
- future capital calls by funds to which the Company has made commitments,
- the Company's income and expenditure projections; and
- the change to the Company's investment objective and the impact on the potential of the unlisted portfolio to generate future income and capital proceeds during the managed wind down and the ability of the Directors to minimise the level of cash outflows should this be necessary.

These metrics are subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecasts. The principal factors which were stress tested being the: -

- timing of realisations,
- timing of new investments, and
- quantum of realisations.

The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2019.

### Share Capital

At 31 December 2016, the Company's issued and paid up share capital was £5,161,016 divided into 20,644,062 fully paid up ordinary shares.

The rights attaching to the Company's shares are set out in the Company's Articles of Association (which may be amended by special resolution) and they are also supplemented by (and are subject to) relevant provisions of the Companies Act 2006 ("2006 Act") and other legislation applying to the Company from time to time.

### Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

### Dividends

The ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the Directors) and to receive any interim or special dividends which the Directors may resolve to pay.

A final dividend of 17.5p is to be paid to shareholders on 18 May 2017, to shareholders on the register at close of business on 28 April 2017. The ex-dividend date is 27 April 2017. When added to the interim dividend of 16p per share paid in May 2016 this makes a total dividend for the year ended 31 December 2016 of 33.5p.

### Voting Rights

Each ordinary shareholder present in person or by proxy is entitled to one vote in a show of hands and, on a poll, to one vote for every share held.

**Significant Shareholdings**

The significant holdings in the Company's ordinary share capital which have been notified to the Company as at 31 December 2016 are shown below.

	Ordinary shares	% of issued share capital
Alliance Trust Savings	2,970,421	14.4
Lind Invest	2,598,613	12.6
Barwon Investment Partners	1,500,000	7.3
Baillie Gifford Diversified Growth Fund	1,461,877	7.1
East Riding of Yorkshire Council	999,978	4.8
Hargreaves Lansdown	708,121	3.4
LGT Capital Management	695,000	3.4
Castellain Capital	685,000	3.3

There have been no changes notified in respect of the above holdings, and no new holdings notified, since the end of the financial year.

**Directors**

Details of the current Directors of the Company are shown on pages 5 to 6. All Directors are considered to be independent. No contract or arrangement existed during the period in which any of the Directors had a material interest. No Director has a service contract with the Company. Notwithstanding the Directors' other appointments, it is considered that each has sufficient time available to undertake their duties as a Director of the Company.

In accordance with the UK Corporate Governance Code, changes to the Chairman's other significant commitments require to be disclosed and explained. The Chairman's other directorships are noted on page 5. Pursuant to this requirement, it should be noted that the Chairman relinquished his directorship of Spencer House Limited during the financial year. The Directors have carefully considered the Chairman's other directorships and consider that the Chairman effectively manages his commitments and has sufficient time to meet what is expected of him as Chairman of the Company. The Chairman's attendance at Board and Committee meetings is outlined in the relevant table on page 32. The table shows that the Chairman has attended each Board and Committee meeting held during the year. The Directors believe this demonstrates that the Chairman continues to allocate sufficient time to the Company and continues to discharge his responsibilities effectively.

Angela Lane, Duncan Budge, Brian Finlayson and Federico Marescotti will retire from the Board and, being eligible, offer themselves for re-election at the Annual General Meeting ("AGM"). Brian Finlayson was appointed to the Board on 1 January 2007 and has served for more than nine years. The Board has carefully considered Brian Finlayson's independence and believe he retains independence of character and of judgement. Following performance evaluation, in the view of the other Directors, Angela Lane, Duncan Budge, Brian Finlayson and Federico Marescotti continue to perform effectively and to

demonstrate commitment to the Company. The re-election of Angela Lane, Duncan Budge, Brian Finlayson and Federico Marescotti is recommended to shareholders as their skills and experience continues to add to the strength of the Board.

Following consultation with a number of the largest shareholders in the Company, the Board is recommending the appointment of Michael Meyer Jensen to the Board at the Annual General Meeting of the Company on 11 May 2017. Michael is employed by Lind Invest as an investment manager. Lind Invest is an independent Danish investment group which currently holds an interest of 12.6% in the Company. Michael has experience of investing in private equity funds, including in listed private equity companies and the secondary market. The Board believes that Michael's skills will be of benefit to the Company during the wind-down process. Michael has waived his right to be paid a director's fee.

**Directors' and Officers' Liability Insurance/Directors' Indemnity**

The Company maintains insurance in respect of directors' liabilities in relation to their acts on behalf of the Company.

In line with market practice and the Company's Articles of Association, the Company has agreed to indemnify the Directors in respect of costs, charges, liabilities, damages and expenses, arising out of any claims or proposed claims made for negligence, default, breach of duty, breach of trust or otherwise, or relating to any application under section 1157 of the Companies Act 2006 ("2006 Act"), in connection with the performance of their duties as Directors of the Company. The indemnities would also provide financial support from the Company should the level of cover provided by the Directors' & Officers' insurance maintained by the Company be exhausted.

**Director's Conflicts of Interest**

Under the 2006 Act, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain provisions to this effect. The Company's Articles of Association give the Directors authority to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. The register is reviewed at each Board meeting and the Directors are required to disclose to the Company Secretary any change to conflicts or any potential new conflicts. Where a conflict of interest arises, the Director concerned will not participate in any discussions or decisions in that area.

Should the appointment of Michael Meyer Jensen be approved by shareholders at the Annual General Meeting, the potential conflict regarding his employment and arrangements with Lind Invest, which currently holds an interest of 12.6% in the Company, will require to be formally disclosed and approved by the Board. Mr Meyer Jensen would be prevented from participating in any discussions or decisions regarding this conflict where this conflict was relevant.

Mr Meyer Jensen has been made aware of his duties as a director of the Company including the restrictions placed on him regarding the sharing of confidential information concerning the Company with Lind Invest or any other party.

### Corporate Governance

The statement on Corporate Governance on pages 31 to 33 is included in the Directors' Report by reference.

### Investment Management Arrangements

The principal terms of the Company's management agreement with Dunedin are set out on page 60.

The Board has reviewed Dunedin's investment policy and process. The review covered the performance of the investment manager, their management process, investment style, resources and risk controls. The Board is satisfied with the results of the review and is therefore of the opinion that the continuing appointment of Dunedin on the terms agreed is in the interests of shareholders as a whole. Such a review is carried out on an annual basis.

Dunedin Managed Funds and Dunedin Fund of Funds LP operate carried interest schemes. Dunedin executives participate in these carried interest schemes.

Although the co-investment scheme for Dunedin executives, under which selected Dunedin executives invested their own funds in ordinary shares alongside direct investments by the Company, has ceased it continues to operate for investments made prior to May 2008.

### Use of financial instruments

Reference is made to note 19 on page 57 which sets out a description of the financial instruments and associated risks.

### Secretary

Dunedin LLP is appointed as Corporate Company Secretary pursuant to the Alternative Investment Fund Management Agreement, details of which are set out on page 60.

### Duration

The Company does not have a fixed life.

### Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The investment manager also adopts a zero tolerance approach and has policies and procedures in place to prevent and detect bribery.

### Social, Community and Environmental Policy

The statement on social, community, environmental and human rights policy on page 26 is included in the Strategic Report by reference.

### Modern Slavery Act

The Company is an investment company and has no employees. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers, which are listed on the inside back cover of this report, comply with the provisions of the UK Modern Slavery Act 2015.

### Activities in the field of research and development

The Company does not undertake activities in the field of research and development.

### Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties.

As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

### External Auditor

The Directors confirm that so far as each Director is aware there is no relevant audit information of which the Company's external auditors are unaware. Each Director has also taken all reasonable steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the external auditors are aware of that information.

The External Auditor, KPMG LLP, has indicated its willingness to continue in office and a resolution re-appointing them and authorising the Directors to fix their remuneration will be proposed as resolutions 9 and 10 at the forthcoming Annual General Meeting.

### Annual General Meeting ("AGM")

The AGM of the Company will be held at The Waldorf Astoria Edinburgh – The Caledonian, Princes Street, Edinburgh, EH1 2AB. Notice of the AGM is given on pages 61 to 63 of this report.

### Resolutions to be considered at the AGM

Resolutions 1 to 10 will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 11 and 12 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution. Each of these resolutions is being proposed to comply with the Company's Articles of Association and to obtain certain authorities required under the 2006 Act from shareholders.

### Resolution 1: Receive the audited Report and Accounts

Shareholders are being asked to receive the audited accounts for the year ended 31 December 2016.

### Resolution 2: Approve the Directors' Remuneration Policy

Shareholders are being asked to approve the Directors' Remuneration Policy set out pages 36 to 38 for the three-year period ending on the Company's AGM in 2020.

### Resolution 3: Approve the Directors' Remuneration Report

Shareholders are being asked to approve the Directors' Remuneration Report set out pages 36 to 38 for the year ended 31 December 2016.

#### **Resolution 4: Election of Director**

Biographical details of Michael Meyer Jensen who is standing for election are set out on page 28. The Board recommends to Shareholders the election of Michael Meyer Jensen, who the Board regards as possessing the requisite skills and attributes to make a significant contribution in his role.

#### **Resolutions 5, 6, 7 and 8: Re-election of Directors**

Biographical details of Angela Lane, Duncan Budge, Brian Finlayson and Federico Marescotti who are standing for re-election are set out on pages 5 to 6. The Board recommends to Shareholders the re-election of the Directors, each of whom the Board regards as possessing the requisite skills and attributes to continue making significant contributions in their respective roles.

#### **Resolutions 9 and 10: Re-appointment and remuneration of external auditors**

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders. It is proposed that KPMG LLP be and are hereby re-appointed auditors of the Company and will hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company, and that their remuneration be fixed by the Directors.

#### **Resolution 11: Share buy-backs**

The existing buy-back authority, granted at the AGM of the Company held on 11 May 2016, permits the Company to make market purchases of up to 14.99 per cent. of the Company's issued ordinary share capital as at 1 April 2016 and expires at the forthcoming AGM. The authority, under Resolution 11, if conferred, will only be exercised if, in the Directors' opinion, a repurchase would be in the best interests of shareholders as a whole and would result in an increase in the net asset value per Ordinary Share for the remaining shareholders.

The Directors propose to renew the authority at this year's AGM, and seek authority to purchase up to 3,096,609 Ordinary Shares (being 14.99 per cent. of the issued share capital as at 27 March 2017). This authority will expire at the conclusion of the AGM of the Company in 2018 (or, if earlier, the date following 15 months from this year's AGM). Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value per Ordinary Share. Under the Listing Rules of the Financial Conduct Authority, the maximum price that can be paid is not more than the higher of (i) 5 per cent. above the average market values of the ordinary shares for the five business days before the day on which the purchase is made and (ii) that stipulated by Article 5 (i) of the Buy-back and Stabilisation Regulation. The minimum price that may be paid will be 25p per share (being the nominal value of a share). Ordinary shares that are purchased will be cancelled. In making purchases, the Company will deal only with member firms of the London Stock Exchange.

#### **Resolution 12: Notice of General Meetings**

The Shareholder Rights Directive ("Directive") was implemented in the UK in August 2009. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. Resolution 12 seeks to renew this shareholder approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice. The Directors only intend to call a general meeting on less than 21 days' notice where the proposals are time sensitive and the short notice would clearly be an advantage to shareholders as a whole.

#### **Recommendation of the Board**

The Board considers that all the resolutions to be considered at the AGM are in the best interests of the Company and the shareholders as a whole. Your Board intend to vote in favour of them in respect of their entire beneficial holdings of Ordinary Shares which amount, in aggregate, to 197,902 Ordinary Shares (representing approximately 1.0 per cent. of the ordinary share capital of the Company in issue) and unanimously recommends that you do so as well.

By order of the Board,

#### **Duncan Budge**

Chairman  
20 March 2017

## Corporate Governance Report

### Compliance

The Board considers that the Company has complied with the relevant provisions contained in the UK Corporate Governance Code issued by the Financial Reporting Council in September 2014 and the recommendations of the AIC's Code of Corporate Governance issued in July 2016 (the "AIC Code") by reference to the AIC Corporate Governance Guide for investment companies ("the AIC Guide") throughout this accounting period with the exception of the matters noted below.

The AIC Code and the AIC Guide can both be found on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)) and a copy of the UK Corporate Governance Code can be found at [www.frc.org.uk](http://www.frc.org.uk).

The UK Corporate Governance Code includes provisions relating to the role of the Chief Executive, Executive Directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the position of the Company, which is an externally managed investment company. The Company has not, therefore, reported further in respect of these provisions.

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

### The Board

The Board consists of four non-executive Directors, all of whom the Company deems to be independent, even though Brian Finlayson has served as a Director for over nine years.

On appointment, new Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Following appointment, the Chairman regularly reviews and agrees with Directors, as appropriate, their training and development needs as necessary to enable them to discharge their duties taking account of company specific matters and industry issues.

The Board determines the strategic direction of the Company. It meets at least four times a year and there is regular contact with Dunedin (the "Manager") between these meetings. There is a formal schedule of matters specifically reserved for Board decision. The schedule of matters is reviewed regularly by the Board. The Directors also have access to any information, the advice and services of the Company Secretary and, if required, external advice at the expense of the Company. The Company Secretary is also responsible for ensuring good information flows between all parties. The Board maintains ongoing dialogue with the Company's legal adviser in relation to corporate governance matters.

There is a clear division of responsibility between the Board and the Manager. The Manager's role is defined within the Alternative

Investment Fund Management Agreement. The Board and the Manager have agreed clearly defined investment criteria and specific levels of authority. Reports on these issues, including performance statistics, investment valuations and management accounts, are submitted to the Board at each meeting. The Manager's evaluation procedure and financial analysis of the companies within the portfolio includes detailed research and appraisal, and also takes into account environmental policies and social, ethical, human rights and other business issues.

The Manager's environmental, social and governance policy can be found at [www.dunedin.com](http://www.dunedin.com). The Manager also supports the principles of the UK Stewardship Code and implements these where applicable. As an institutional investor, the Company recognises its responsibility that the companies in which it invests should aspire to appropriate levels of corporate governance. As a matter of policy, the Company aims to utilise its votes in respect of shares held in the relevant underlying portfolio companies at the annual general meetings of these companies. In the year to 31 December 2016 the Company voted in favour of all resolutions put forward at the annual general meetings of portfolio companies.

The Company's Articles of Association require that all Directors are subject to retirement by rotation and, given this and that all of the Directors are non-executive directors, the Board does not consider it necessary for the Directors to be appointed for a fixed term as recommended by provision B.2.3 of the UK Corporate Governance Code. The Board's policy on tenure is to adopt best practice in line with the requirement of the UK Corporate Governance Code for FTSE 350 companies, for all Directors to retire and, if appropriate, stand for annual re-election at each AGM. The Board does not feel that it would be appropriate to adopt a policy whereby Directors serve for a limited period as the historical knowledge of the portfolio is a key benefit. Any Directors appointed to the Board since the previous AGM also retire and stand for election.

The Board undertakes a formal annual evaluation of its own performance and that of its committees and individual Directors, including the Chairman. The most recent evaluation was carried out in November 2016 and the next evaluation is planned to take place in November 2017. An external consultant assists the Board in this evaluation at least every three years. The Board as a whole meet to assess its own performance and that of its Committees. The Chairman undertakes an appraisal of each Director to assess their performance. The non-executive Directors, led by the Senior Independent Director, are responsible for performance evaluation of the Chairman. The appraisals consider, amongst other things, the balance of skills of the Board and its diversity, the contribution of individual Directors and the overall effectiveness of the Board and its committees. Each individual Director's training requirements are reviewed as part of the annual evaluation process. The Board believes that it has an appropriate balance of skills and experience, length of service, diversity (including gender) and knowledge of the Company.

The Board supports diversity in the boardroom and is of the opinion that appointments to the Board should be made taking into account a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise.

The table below details the number of Board, Audit, Nomination and Management Engagement Committee meetings attended by each Director. During the year there were four Board meetings, four Audit Committee meetings, two Nomination Committee meetings and two Management Engagement Committee meetings.

Directors	Board meetings attended	Audit Committee meetings attended	Nomination Committee meetings attended	Management Engagement Committee meetings attended
Liz Airey (retired 11 May 2016)	1	1	1	1
Duncan Budge	4	4	2	2
Brian Finlayson	4	4	2	2
Angela Lane	4	4	2	2
Federico Marescotti	4	4	2	2

### Board Committees

There are three committees of the Board: the Nomination Committee, the Management Engagement Committee and the Audit Committee. The Board considers that, given the size of the Board, it would be unnecessarily burdensome to establish separate Nomination, Management Engagement and Audit Committees which did not involve the entire Board and believes that this enables all Directors to be kept fully informed of any issues that arise. The terms of reference for each committee are available on the Company's website. A report of the activity of each committee is set out below.

Due to the size of the Board, the Board has not established a separate Remuneration Committee and, as a whole, fulfils the function of the remuneration committee.

### Nomination Committee

#### Members:

Duncan Budge (Chairman)  
Brian Finlayson  
Angela Lane  
Federico Marescotti

The Nomination Committee comprises all the independent non-executive directors. The Nomination Committee is responsible for identifying and nominating to the Board new Directors and for considering whether existing Directors should be re-elected. The Nomination Committee is also responsible for monitoring the composition, size and structure of the overall Board. The Nomination Committee aims to maintain an appropriate balance of skills and experience within the Board and, together with the Board, supports the principle of diversity in the boardroom. Given the small size of the Board, it is not considered appropriate for the Company to have set targets or quotas in relation to diversity; candidates are assessed in relation to the relevant needs of the Company at the time of the appointment. The Nomination Committee is responsible for ensuring that any recruitment process takes account of the Company's diversity policy. From time to time, the Nomination Committee uses external specialist search consultants, as appropriate, to assist it in carrying out its responsibilities.

The Nomination Committee is chaired by Duncan Budge, except when this committee considers his succession and reviews his performance. In such circumstances, the Nomination Committee elects an alternative member to take the Chair. The Nomination Committee met twice in the year and gave careful consideration to Michael Meyer Jensen's proposed appointment.

### Management Engagement Committee

#### Members:

Duncan Budge (Chairman)  
Brian Finlayson  
Angela Lane  
Federico Marescotti

The Management Engagement Committee comprises all the independent non-executive Directors. The Management Engagement Committee reviews the performance of the Manager and its compliance with the terms of the Alternative Investment Fund Management Agreement. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Management Engagement Committee on an annual basis.

### Audit Committee

#### Members:

Angela Lane (Chairman)  
Duncan Budge  
Brian Finlayson  
Federico Marescotti

The Audit Committee comprises all the independent non-executive Directors. The Directors believe that it is in the best interests of the Company that its Chairman, Duncan Budge, is a member of the Committee. The Board is satisfied that the Audit Committee has the necessary skills and experience to operate effectively. The Audit Committee Report is set out on pages 34 to 35.

**Internal Controls**

The Directors have overall responsibility for ensuring that there are systems of internal control in place, both financial and non-financial, and for reviewing their effectiveness. The purpose of the internal financial controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable. Such a system can provide reasonable, but not absolute assurance against material misstatement or loss.

Under the terms of the management agreement the day-to-day management and operation of the Company has been delegated to the Manager. Clear lines of accountability have been established between the Board and the Manager. The Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. The Manager is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly. The system extends to financial, operational and compliance controls and risk management. The Board reviews the financial reports and performance statistics, including projections and management accounts from the Manager on a regular basis. Annually the Audit Committee carries out an assessment of internal risks and controls. In carrying out its review, the Audit Committee has regard to the activities of the Manager, including their risk management, compliance function and whistle-blowing policies, and the Independent Auditors.

On the basis of this work, the Board confirms that there is an ongoing process for identifying, evaluating and managing any significant business and operational risks faced by the Company and that this process has been in place for the year ended 31 December 2016 and up to the date of the annual report and accounts.

The Audit Committee considers and the Board agrees that an internal audit function is not required by the Company as the internal control systems operated by the Manager provide sufficient assurance over the effectiveness of internal controls.

**Relations with Shareholders**

All shareholders have the opportunity to attend and vote at the AGM. The notice of the AGM sets out the business of the meeting and items of business are explained in the Directors' Report on pages 29 to 30. Separate resolutions are proposed for each substantive issue. Both the Board and representatives of the Manager are available to answer shareholders' questions at the AGM. Proxy voting figures are announced to shareholders at the AGM.

The Chairman and Manager hold regular discussions with substantial shareholders, the feedback from which is greatly valued by the Board. In addition, the Chairman and Directors are available to enter into dialogue and correspondence with shareholders regarding the progress and performance of the Company at any point during the year. They can be contacted at the registered office address of the Company noted on page 68. Additionally, the Chairman can be contacted via email at [duncan.budge@dunedinenterprise.com](mailto:duncan.budge@dunedinenterprise.com). All correspondence received from shareholders is passed directly to the Chairman.

The Senior Independent Director is available to shareholders if their concerns have not been resolved through the normal channels or where these are inappropriate.

All communications by the Company with shareholders are approved by the Board.

The Company's website is [www.dunedinenterprise.com](http://www.dunedinenterprise.com). The Manager's presentation to shareholders will be available on the website after the AGM.

**Share buy-backs**

Reference is made on page 26 of the Director's Report for further information on share buy-backs.

**Significant shareholdings**

Reference is made on page 28 of the Director's Report for further information on the Company's significant shareholdings.

By order of the Board,

**Duncan Budge**

Chairman  
20 March 2017

## Audit Committee Report

The Audit Committee is chaired by Angela Lane and comprises all of the Directors, all of whom are independent. The Audit Committee's principal responsibilities are:

- to review the interim and annual financial statements (and consider their integrity), interim management statements, announcements and matters relating to accounting policy, laws and regulations;
- to evaluate the risks to the quality and effectiveness of the financial reporting process;
- to review the consistency of accounting policies on a year on year basis;
- to review compliance with applicable accounting standards and make appropriate judgements, taking into account the views of the external auditor;
- where requested, to review the content of the Annual Report and Accounts and advise the Board whether the report as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy;
- to review and recommend for approval by the Board the valuation of portfolio investments;
- to review the effectiveness of the internal control systems and the policies and procedures for the identification and assessment of business risks and the management of these risks;
- to review corporate governance compliance;
- to review the nature and scope of the work to be performed by the external auditors, including monitoring the statutory audit of the annual financial statements;
- to evaluate the independence, objectivity, effectiveness, resources and qualifications of the auditors and develop and implement a policy on the engagement of the auditors to provide non audit services and to review such fees having regard to their independence;
- to make recommendations as to the appointment and remuneration of the external auditors; and
- to formally report to the Board on how it has discharged its duties.

The Audit Committee has a schedule which sets out its annual work programme to ensure it covers the areas within its remit appropriately. It met four times during the year to carry out its responsibilities and senior representatives of the investment manager ("the Manager") attended the meetings as required by the Audit Committee. The external auditors attended the Audit Committee's meetings twice in the year and met with the Audit

Committee without representatives of the Manager being present. In between meetings, the Audit Committee chairman maintains ongoing dialogue with the Manager and the external audit director.

During the year the Audit Committee carried out a review of its terms of reference and its own effectiveness. It concluded that the Audit Committee is satisfactorily fulfilling its terms of reference and is operating effectively.

### Significant accounting matters

The significant issue considered by the Audit Committee during the year in relation to the financial statements of the Company was the valuation of unquoted investments.

The Company's accounting policy for valuing unquoted investments is set out in note 3 on page 49. The Audit Committee reviewed and challenged the valuations prepared by the Manager taking account of the latest available information about the Company's investments and the Manager's knowledge of the underlying companies through their ongoing monitoring, position on portfolio company boards and participation on fund advisory committees. The Audit Committee satisfied itself that the valuation of investments had been carried out consistently with prior accounting periods, or that any change in valuation basis was appropriate, and in accordance with published industry guidelines.

The external auditors explained the results of their review of the procedures undertaken by the Manager for the valuation. On the basis of their audit work, no material differences were identified by the auditor.

### Going Concern

The current investment policy of the Company is to conduct an orderly realisation of its assets leading ultimately to the liquidation of the Company. It was concluded that the financial statements should not be prepared on a going concern basis. No adjustments were necessary to the investment valuations or other assets and liabilities included in the financial statements as a consequence of the basis of preparation. The auditor's report contains an "emphasis of matter" paragraph referring to the non-going concern basis of preparation.

### External Auditor

The Audit Committee monitored the relationship with the external auditor with a view to ensuring that it did not provide non-audit services to the Company that had the potential to impair or appear to impair the independence of its audit role. The Board has approved a policy which recognises that it will be appropriate and cost effective for the external auditors to provide certain specified categories of non-audit services and has determined that fees in excess of £50,000 for taxation services and £20,000 for non-taxation services require prior approval by the Audit Committee. The Board reviews and approves non-audit services provided by KPMG and evaluates the impact of any non-audit work on the ability of the auditors to remain independent.

The external auditor, KPMG, has provided details of other relationships it has with the Manager and confirmed to the Board that in its opinion it is independent of the Manager. The Audit Committee has reviewed the independence and objectivity of the external auditor and has reviewed the non-audit services provided by the external auditor for the financial year ended 31 December 2016. Fees payable to the auditor comprised £23,850 in respect of the audit and £33,650 in respect of non-audit services. The non-audit fees incurred by the Company relate to specialist tax advice required as a consequence of the Company's policy of investing in private equity and the inherent complex nature of the associated fund structures and underlying investments. The Audit Committee is satisfied that the external auditor continues to demonstrate its independence. Following the issue of the FRC's Ethical Standard ("the FRC ES") on 17 June 2016, there are additional restrictions placed on the provision of non-audit services by the auditor and as a result, KPMG completed its tax services by 31 December 2016 as required by the FRC ES.

In light of the restrictions of the FRC ES placed on the provision of non-audit services by the Company's auditor, the Audit Committee's policy is that no tax services will be provided for future financial years by the auditor and that any other proposed non-audit services will require pre-approval by the Audit Committee.

The appointment of KPMG has not been put out to tender notwithstanding KPMG's tenure of 21 years, as the Audit Committee, from ongoing review of the external auditor's work and effectiveness, and indirect enquiry of the Manager, remains satisfied that KPMG continue to provide a high quality audit and effective independent challenge in carrying out their responsibilities. Following the rotation requirements of the FRC ES, the KPMG LLP audit partner, Catherine Burnet, rotated off on completion of the 2015 audit. Following discussions with KPMG LLP, and consideration by the Audit Committee Chair of possible candidates, the Board approved the appointment of Philip Merchant with effect from 11 May 2016 as the Company's new audit director for the year ending 31 December 2016. Under EU regulations KPMG are permitted to undertake the audit of the Company until the year ended 31 December 2022. The Committee will keep KPMG's appointment under ongoing review.

During the year the Committee completed an external auditor performance evaluation questionnaire. The Committee reviewed and discussed the results of the questionnaire. Having considered these matters and the effectiveness of the external auditor, the Audit Committee has recommended to the Board that, subject to shareholder approval at the 2016 Annual General Meeting, KPMG LLP be re-appointed as external auditor for the forthcoming year.

#### **Risk Management and Internal Control**

The Company does not have an internal audit function. The Committee believes this is appropriate as all of the Company's management functions are delegated to the Manager which has its own internal control and risk monitoring arrangements. A report on these arrangements is prepared by the Manager and submitted to the Audit Committee which it reviews on behalf of the Board to support the Directors' responsibility for overall internal control as set out in the Governance Report on page 33.

The Company does not have a whistleblowing policy and procedure in place. The Company delegates this function to the Manager who is regulated by the FCA and has such policies in place. The Audit Committee has been informed by the Manager that these policies meet the industry standards and no whistleblowing took place during the year.

#### **Angela Lane**

Chairman of the Audit Committee  
20 March 2017

## Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of Section 410 of the Companies Act 2006. A resolution to approve the report will be proposed at the Annual General Meeting.

The Company's independent auditor, KPMG LLP, is required to give an opinion on certain information included in this report, as indicated below. The auditor's report on these and other matters is set out on pages 40 and 41.

### Chairman's Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 ("2013 Regulations"), the Chairman confirms that there have been no major decisions taken on Directors' remuneration and no substantial changes relating to Directors' remuneration made during the previous financial year to 31 December 2016.

### 1) Directors' Remuneration Policy Report

This Report provides details of the remuneration policy for the Directors of the Company and is the same in all material respects as the policy put into practice by the Board. All Directors are non-executive, appointed under the terms of their letters of appointment and under the same terms as in force at the date of their appointment.

This Remuneration Policy was approved by a resolution of the Company's shareholders at the Annual General Meeting of the Company held on 14 May 2014 and was passed by 98.4% of shareholders voting in favour of the resolution, 1.6% voting against and 0.0% abstaining. Its provisions are applicable until the next triennial shareholder which will be on 11 May 2017. The Remuneration Policy remains unchanged from that approved by shareholders in 2014. A resolution to approve this Remuneration Policy will be proposed at the Annual General Meeting of the Company to be held on 11 May 2017. If the resolution is passed, the Remuneration Policy provisions set out below will apply immediately after approval by shareholders until the next triennial shareholder vote unless shareholders approve amendments sooner. The Company does not intend making any significant changes to implementation of the Remuneration policy in the current financial year.

Due to the size of the Board, the Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy, as well as implementation of that policy. A separate Committee has therefore not been established. The Company's Directors are all independent of the Manager.

The non-executive Directors of the Company are entitled to such rates of annual fees, together with any incremental fees payable in recognition of any Director's additional time commitment, as the Board at its discretion shall from time to time determine, subject to the aggregate annual fees not exceeding an amount set by shareholders through the Articles of Association currently

set at £200,000, and reimbursement of reasonable fees and expenses incurred by them in the performance of their duties. The level of fees paid to Directors is determined by assessing their time commitment and responsibilities in fulfilling their roles. The Chairman of the Board, Chairman of the Audit Committee and Senior Independent Director are paid higher fees, reflecting the greater amount of time spent on the Company's business. As well as monitoring the approach by similar investment trusts to fees, suitable external advice is sought where appropriate.

In line with the majority of investment trusts, no component of any Director's remuneration is subject to performance factors, introductory fees or an exit payment. Additionally, Directors are not eligible for pension benefits, share options, long-term incentive schemes or other benefits. As the Company has no employees, no consideration needs to be given to employment conditions in setting Directors' pay. Subject to the triennial shareholder vote, the Company has not sought shareholder views on its remuneration policy.

It is the Company's policy that Directors do not have service contracts. The terms of their appointment provide that in line with the provisions set by the Articles of Association, a Director shall retire and be subject to election by shareholders at the first Annual General Meeting after their appointment and stand for re-election every three years thereafter. However, it is the policy of the Board that Directors are re-elected annually. The terms also provide that a Director may be removed from office with a notice period of three months. No compensation is payable for loss of office.

The Company indemnifies Directors in respect of costs, charges, liabilities, damages and expenses, arising out of any claims or proposed claims made for negligence, default, breach of duty, breach of trust or otherwise, or relating to any application under Section 1157 of the Companies Act 2006, in connection with the performance of their duties as Directors of the Company.

### Table of Directors' Remuneration Components

	2016 <sup>1</sup> £	2015 £
Chairman fee	<b>34,000</b>	34,000
Non-executive Director base fee	<b>23,000</b>	23,000
Additional fee for chair of the Audit Committee	<b>3,000</b>	3,000
Additional fee for Senior Independent Director	<b>3,000</b>	3,000

The fees noted above represent the entirety of fees paid to Directors.

<sup>1</sup> Directors' fees may be increased, subject to the current maximum aggregate limit of £200,000 per annum stated in the Company's Articles of Association.

## 2) Directors' Remuneration Implementation Report

This report is prepared in accordance with Schedule 8 of the 2013 Regulations.

The rates of Directors' fees for the financial year to 31 December 2016 were set out in the Directors' Remuneration Report contained in the Company's 2015 Annual Report and Accounts. A non-binding ordinary resolution proposing adoption of the Remuneration Report was put to shareholders at the Company's Annual General Meeting held on 11 May 2016 and was passed by 94.18% of shareholders voting in favour of the resolution, 5.82% voting against.

The Company does not anticipate making any significant changes to implementation of the Remuneration Policy in the current financial year.

### Directors' emoluments for the year (audited)

All Directors who served during the year ended 31 December 2016 received the emoluments, in the form of fees, as described in the table below.

### Single Total Figure Table (audited)

	2016 Annual Fees £	2015 Annual Fees £
Liz Airey (retired 11 May 2016)	10,040	29,000
Duncan Budge	34,000	34,000
Brian Finlayson	23,000	23,000
Angela Lane	25,373	13,417
Federico Marescotti	24,914	23,000
<b>Total</b>	<b>117,327</b>	<b>122,417</b>

The fees noted above represent the entire remuneration paid to Directors.

## Relative importance of expenditure on pay

As required by the 2013 Regulations, to allow shareholders to assess the relative importance of expenditure on pay, the table below demonstrates the total remuneration paid to the Directors compared to the distributions to shareholders by way of dividend and any other significant distributions and payments.

	2016 £	2015 £	Difference
Spend on Directors' fees'	117,327	122,417	-4%
Distributions to shareholders:			
(a) dividends	3,303,050	980,822	+237%
(b) share buyback (inc costs)	-	700,304	n/a%

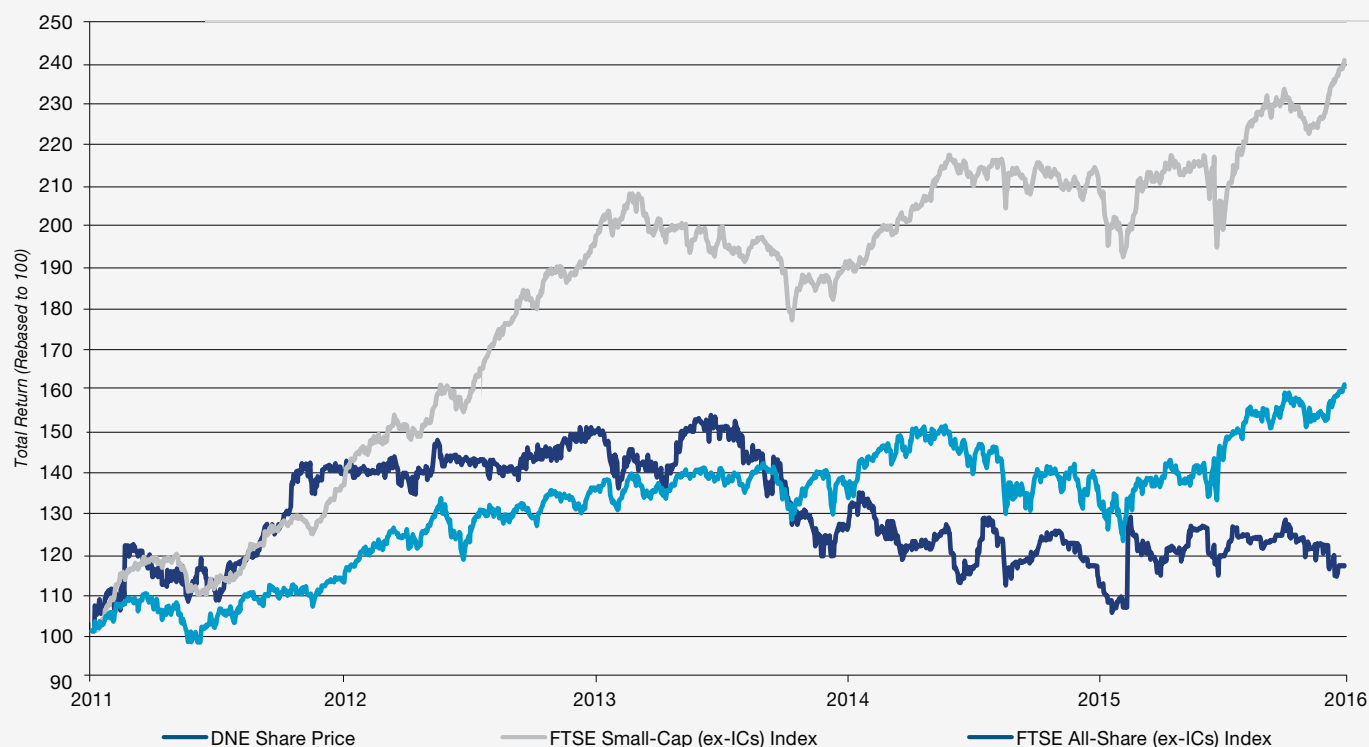
## Statement of Directors' shareholding and share interests (audited)

The names of the Directors and their shareholdings in the Company as at 31 December 2016 are shown in the table below. The Company has not been notified of any changes to the Directors' shareholdings between 31 December 2016 and 20 March 2017. The shareholdings of connected persons to the Directors are included in the figures below.

	2016 #	2015 #
Duncan Budge	46,850	35,900
Brian Finlayson	126,052	107,809
Angela Lane	15,000	-
Federico Marescotti	10,000	10,000

### Share price total return

The graph below presents for the period from 31 December 2011 to 31 December 2016 the total shareholder returns compared to the total return on the FTSE Small Cap (ex-investment companies) and the FTSE All Share (ex-investment companies). These indices are chosen for comparative purposes only.



The Directors' Remuneration Report on pages 36 to 38 was approved by the Board of Directors and signed on its behalf on 20 March 2017.

### Duncan Budge

Chairman

20 March 2017

## Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 1, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken as a whole; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

### Duncan Budge

Chairman

20 March 2017

# Independent Auditor's Report

## To the members of Dunedin Enterprise Investment Trust PLC only

### Opinions and conclusions arising from our audit

#### 1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Dunedin Enterprise Investment Trust PLC for the year ended 31 December 2016 set out on pages 42 to 59. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 2 Our opinion on the financial statements is accompanied by an emphasis of matter – non-going concern basis of preparations

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note.

#### 3 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risk of material misstatement that had the greatest effect on our audit was as follows (unchanged from 2015):

#### Valuation of unquoted investments (£103.8m)

*Refer to page 34 (Audit Committee Report), page 49 (accounting policy) and pages 52 to 55 (financial disclosures)*

- *The risk* – 98.9% of the Company's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples, and net assets. There is a significant risk over the valuation of these investments and this is the key judgemental area that our audit focused on.
- *Our response* – Our procedures included:
  - documenting and assessing the design and implementation of the investment valuation processes and controls in place;
  - attendance at bi-annual valuation meetings with the Directors and Investment Manager to assess their discussion and review of the investment valuations;

- assessment of investment realisations in the period, comparing actual sales proceeds to prior year end valuations, to understand the reasons for significant variances and determine whether they are indicative of bias or error in the Company's approach to valuations;
- challenging the Investment Manager on key judgements affecting investee company valuations in the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines. In particular, we challenged the appropriateness of the valuation basis selected as well as the underlying assumptions, such as discount factors, and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable. Where a recent transaction had been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;
- attending the year-end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations; and
- consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

#### 4 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £1,050,000 (2015: £1,097,000), determined with reference to a benchmark of total assets, of which it represents 1% (2015: 1%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £51,900 (2015: £54,800), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at the head office of Dunedin LLP in Edinburgh.

## 5 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading of the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## 6 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' statement on long-term viability on page 27, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Company's continuing in operation over the 3 years to 31 December 2019; or
- the disclosures in note 1 of the financial statements concerning the use of the non-going concern basis of accounting.

## 7 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or

- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 27 in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on page 31 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

## Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 39 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate). This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at [www.kpmg.com/uk/auditscopeukco2014a](http://www.kpmg.com/uk/auditscopeukco2014a), which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

**Philip Merchant (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP,  
Statutory Auditor

Chartered Accountants  
Edinburgh  
20 March 2017

## Income Statement

					Re-stated	Re-stated	Re-stated
	Notes	Revenue £'000	Capital £'000	2016 Total £'000	Revenue £'000	Capital £'000	2015 Total £'000
Investment income	4	8,126	–	8,126	211	–	211
Gains/(losses) on investments		–	(4,115)	(4,115)	–	576	576
		8,126	(4,115)	4,011	211	576	787
<b>Expenses</b>							
Investment management fee	5	(30)	(91)	(121)	(32)	(97)	(129)
Other expenses	6	(604)	–	(604)	(588)	–	(588)
<b>Profit/(loss) before finance costs and tax</b>		7,492	(4,206)	3,286	(409)	479	70
Finance costs	7	(127)	(382)	(509)	(130)	(388)	(518)
<b>Profit/(loss) before tax</b>		7,365	(4,588)	2,777	(539)	91	(448)
Taxation	8	(449)	449	–	–	–	–
<b>Profit/(loss) for the year</b>		6,916	(4,139)	2,777	(539)	91	(448)
Basic return per ordinary share (basic & diluted)	10	33.5p	(20.0)p	13.5p	(2.6)p	0.4p	(2.2)p

The total column of this statement represents the Income Statement of the Company, prepared in accordance with International Financial Reporting Standards as adopted by the EU. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of Dunedin Enterprise Investment Trust PLC.

The notes on pages 46 to 59 form part of the financial statements.

## Balance Sheet

			Re-stated	Re-stated
	Notes	£'000	2016 £'000	2015 £'000
<b>Non-current assets</b>				
Investments at fair value through profit or loss	11		104,816	109,433
<b>Current assets</b>				
Other receivables	12	105		167
Cash and cash equivalents		90		511
		195	678	
<b>Current liabilities</b>				
Other liabilities	13	(1,110)	(984)	
Loan facility	13	–	(4,700)	
		(1,110)	(5,684)	
<b>Net current liabilities</b>			(915)	(5,006)
<b>Net assets</b>			103,901	104,427
<b>Capital and reserves</b>				
Share capital	14	5,161		5,161
Capital redemption reserve	15	2,765		2,765
Capital reserve – realised	15	49,204		38,492
Capital reserve – unrealised	15	(9,580)		5,271
Special distributable reserve	15	47,600		47,600
Revenue reserve	15	8,751		5,138
		103,901		104,427

The financial statements were approved by the Board of Directors on 20 March 2017.

**Duncan Budge, Chairman**

The notes on pages 46 to 59 form part of the financial statements.

## Cash Flow Statement

		Re-stated	Re-stated
	£'000	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Profit/(loss)		2,777	(448)
Adjustments for:			
Gains/(losses) on investments		4,115	(576)
Interest paid		509	518
(Increase)/decrease in debtors		62	100
Increase/(decrease) in creditors		126	180
<b>Net cash from operating activities</b>		<b>7,589</b>	<b>(226)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	(22,392)	(10,328)	
Drawdown from subsidiary	(2,777)	(3,232)	
Purchase of 'AAA' rated money market funds	(6,003)	(6,707)	
Sale of investments	25,165	1,798	
Distribution from subsidiary	1,504	850	
Sale of 'AAA' rated money market funds	5,000	7,840	
<b>Net cash used in investing activities</b>		<b>497</b>	<b>(9,779)</b>
<b>Cash flows from financing activities</b>			
Purchase of ordinary shares	–	(700)	
Dividends paid	(3,303)	(981)	
Interest paid	(509)	(518)	
Repayment of loan facility	(4,700)	–	
Drawdown of loan facility	–	4,700	
		<b>(8,512)</b>	<b>2,501</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(426)</b>	<b>(7,504)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>511</b>	<b>8,031</b>
<b>Effect of exchange rate fluctuations on cash held</b>		<b>5</b>	<b>(16)</b>
<b>Cash and cash equivalents at 31 December</b>		<b>90</b>	<b>511</b>

The notes on pages 46 to 59 form part of the financial statements.

## Statement of Changes in Equity

<b>For the year ended 31 December 2016</b>	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2015	5,161	2,765	38,492	5,271	47,600	5,138	96,501	104,427
Profit/(loss) for the year	–	–	10,712	(14,851)	–	6,916	2,777	2,777
Dividends paid	–	–	–	–	–	(3,303)	(3,303)	(3,303)
<b>At 31 December 2016</b>	<b>5,161</b>	<b>2,765</b>	<b>49,204</b>	<b>(9,580)</b>	<b>47,600</b>	<b>8,751</b>	<b>95,975</b>	<b>103,901</b>

<b>For the year ended 31 December 2015 (re-stated)</b>	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2014	5,217	2,709	47,177	(2,805)	47,600	6,658	98,630	106,556
Profit/(loss) for the year	–	–	(7,985)	8,076	–	(539)	(448)	(448)
Purchase and cancellation of shares	(56)	56	(700)	–	–	–	(700)	(700)
Dividends paid	–	–	–	–	–	(981)	(981)	(981)
<b>At 31 December 2015</b>	<b>5,161</b>	<b>2,765</b>	<b>38,492</b>	<b>5,271</b>	<b>47,600</b>	<b>5,138</b>	<b>96,501</b>	<b>104,427</b>

The notes on pages 46 to 59 form part of the financial statements.

## Notes to the Accounts

### 1. General information and basis of preparation

Dunedin Enterprise Investment Trust PLC ('the Company') is a company incorporated and registered in the United Kingdom. The principal activity of the Company is that of a closed-ended investment trust within the meaning of Section 1158/1159 of the Corporation Tax Act 2010 and its investment objective and policy is detailed in the Strategic Report.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs') which comprise standards and interpretations issued by the International Accounting Standards Board ('IASB'), and as applied in accordance with the provisions of the Companies Act 2006.

The annual financial statements have also been prepared in accordance with the AIC Statement of Recommended Practice for the Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in November 2014 and updated in January 2017 with consequential amendments ('the SORP'). Where presentation guidance set out in the SORP is consistent with the requirements of IFRSs, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The financial statements are presented in pounds sterling, rounded to the nearest thousand.

#### Going concern

The financial statements have not been prepared on a going concern basis, since the Company's current objective is to conduct an orderly realisation of the investment portfolio and return cash to shareholders. Following the Director's assessment, no adjustments were deemed necessary to the investment valuations or other assets and liabilities included in the financial statements as a consequence of the change in the basis of preparation.

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the Financial Statements and significant estimates are disclosed in note 3.

For the year ended 31 December 2015, the Company consolidated its holdings in Dunedin Enterprise Limited ('DEL'), Dunedin Fund of Funds LP ('FoF LP') and Dunedin Co-Investment Fund LP ('DCIF LP'). DEL and DCIF LP were liquidated during the year to 31 December 2016. In addition, further amendments to IFRS 10 regarding the consolidation exemption for investment entities effective 1 January 2016 have been implemented resulting in a change in accounting policy in relation to the consolidation of subsidiaries. These changes are explained in note 2 (a) and 2 (l).

### 2. Accounting Policies

#### a. Consolidation

Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether it has control if there are changes to one or more elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Company having power over an entity.

As discussed in note 1, as at 31 December 2016 the Company has one subsidiary, a 100% controlling interest in FoF LP. Under IFRS 10 'Consolidated Financial Statements', qualifying entities that meet the definition of an investment entity are not required to prepare consolidated financial statements and instead account for subsidiaries at fair value through profit or loss. The Directors deem the Company to be an investment entity and therefore the Company does not consolidate its subsidiary but instead carries it at fair value through profit or loss. As the amendments apply retrospectively, the Company's subsidiaries as at 31 December 2015 are also carried at fair value through profit or loss.

To qualify as an investment entity, the following criteria must be met:

- The entity holds more than one investment;
- The entity has more than one investor;
- The entity has investors that are not related parties to the entity; and
- The entity has ownership interest in the form of equity or similar interests.

However, the absence of one or more of these characteristics does not prevent the entity from qualifying as an investment entity, provided all other characteristics are met and the entity otherwise meets the definition of an investment entity:

- The entity obtains funds from one or more investors for the purpose of providing those investor(s) with professional investment management services;

## 2. Accounting Policies continued

- The entity commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- The entity measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets all of the defined criteria of an investment entity and consequently the Directors deem that the Company is an investment entity.

The Company consolidated its holdings in DEL, FoF LP and DCIF LP for the year ended 31 December 2015 as they provide investment related services to the Company and were viewed as being simply an extension of the investment entity's investing activities. However, as a result of the amendments to IFRS 10 effective 1 January 2016, intermediate investment entities are not permitted to be consolidated and must be held at fair value through profit or loss. The Company therefore restated its comparative figures for the year ended 31 December 2015 to no longer consolidate its holdings in DEL, FoF LP and DCIF LP, but rather value its holding at fair value through profit or loss. These changes have affected the Income Statement the Balance Sheet, the Statement of Changes in Equity, Cash Flow Statement and its accompanying notes.

DEL, FoF LP and DCIF LP do not meet all the defined criteria of an investment entity as they are 100% owned by the Company. However, the Directors deem that they are nevertheless intermediate investment entities as the Company (which holds 100% of the interests in each entity) has a number of investors.

Therefore as the Company meets the requirements of an investment entity, the Company accounts for its subsidiaries at fair value through profit or loss in accordance with IAS 39 "Financial Statements: Recognition and Measurement". The Investments at fair value through profit or loss carried in the Balance Sheet include the Company's investment in FoF LP (as well as DEL and DCIF LP as at 31 December 2015). See note 11 for more detail on the investments held at fair value through profit or loss.

As the subsidiaries are no longer consolidated, investments in subsidiaries are no longer separately presented at fair value through profit or loss in the Company's accounts.

Accounting standards require that if an investment entity is the parent of another investment entity, the parent shall also provide the additional disclosures required by IFRS 12 'Disclosure of Interests in Other Entities'. These disclosures are set out in note 20.

## b. Associated Undertakings

The Company holds a number of investments in entities over which it has significant influence which meet the definition of associates in IAS28 Investment in Associates. The Company has taken advantage of the exemption from applying IAS28 as these investments are held as part of the Company's portfolio with a view to the ultimate realisation of capital gains. These investments are accounted for at fair value through profit and loss rather than being consolidated.

## c. Revenue/capital

The revenue column of the income statement includes all income and expenses except for the realised and unrealised profit and loss on investments and the proportion of management fee and finance costs charged to capital which are included in the capital column.

## d. Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is applicable are brought into account when the Group's right to receive payment is established. Interest income is accounted for on an effective yield basis except where there is uncertainty as to whether the interest will be received.

## e. Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue column within the Income Statement except that:

- expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column as incurred,
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments can be demonstrated, and accordingly the investment management fee, performance fee and finance costs have been allocated 25% to revenue and 75% to capital in order to reflect the Directors' expected long term view of the nature of the investment returns of the Company.

## f. Cash and cash equivalents

Cash and cash equivalents comprise current deposits with banks. These are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

## g. Financial assets and liabilities

### (i) Classification

The Company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss; and financial assets and liabilities at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition by management.

### Financial assets at fair value through profit or loss

The financial assets comprise private equity investments and an investment in Dunedin Fund of Funds LP. The assets in this category are classified as non-current.

### Financial assets and liabilities at amortised cost

These assets and liabilities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise other receivables, cash and cash equivalents and other payables.

## 2. Accounting Policies continued

Other receivables comprise prepayments and accrued income and are classified as current assets if receipt is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Cash and cash equivalents comprise demand deposits with banks and are subject to an insignificant risk of changes in value.

Other payables comprise accruals and are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

### (ii) Recognition and measurement

Purchases and sales of financial assets are recognised on the date of the transaction (the date on which the Company commits to purchase or sell the asset). Investments are initially recognised at fair value, being the consideration paid and are subsequently measured at fair value as determined by the Directors.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The Directors based the fair value of investments based on information received from the Manager. The Manager's assessment of fair value of investments is determined in accordance with IFRS 13 'Fair Value Measurement'.

Gains or losses arising from changes in the fair value for the 'investments at fair value through profit or loss' are presented in the Income Statement within 'gains / (losses) on investments' in the period in which they arise.

Financial liabilities at amortised cost consist of other payables. Other payables are initially recognised at fair value net of transaction costs incurred and classified as current. All purchases of financial liabilities are recorded on trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Company's financial liabilities approximate to their fair values.

### h. Taxation

Corporation tax payable is provided on taxable profits at the current rate. Any tax relief obtained on expenses is allocated between capital and revenue on the assumption that expenses charged to revenue are matched first against taxable revenue items. Tax relief is only reflected in capital to the extent that additional expenses are utilised from capital to reduce or eliminate the Company's tax liability.

Deferred taxation is provided on the balance sheet liability method on all temporary differences, calculated at the rate at which it is estimated that tax will be payable.

Due to the Company's status as an investment company, and its intention to continue meeting the conditions required to obtain

approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or on disposal of investments.

### i. Dividend

Dividends payable are recognised as a distribution and recorded in the Statement of Changes in Equity when they become a liability of the Company.

### j. Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

### k. Segmental analysis

The Directors are of the opinion that the Company is engaged in a single segment business, being investing in a portfolio of private equity funds or companies.

### l. Changes in accounting policies and disclosures

#### Application of new and revised IFRSs

The following standards which are applicable to the Company became effective for accounting periods commencing on or after 1 January 2016 and have been applied in these financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) effective 1 January 2016

The amendments to IFRS 10 confirm that an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. However, the amendments clarify that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties. This means that the Company has to value its holding in FoF LP at fair value through profit or loss rather than consolidating.

- IFRS 12 'Disclosure of Interest in Other Entities by Investment Entities Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) effective 1 January 2016

An investment entity that prepares financial statements in which its subsidiaries are measured at fair value through profit or loss presents the disclosures relating to investment entities required by IFRS 12.

The additional disclosures required by IFRS 12 are included in note 20 Investments in Unconsolidated Entities.

**2. Accounting Policies continued****New and revised IFRSs in issue but not yet effective**

At the date of authorisation of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements and which are applicable to the Company, were in issue but not yet effective:

- IFRS 9, 'Financial Instruments – Classification and Measurement'. There is currently no mandatory effective date, however the IASB has tentatively proposed that this will be effective for accounting periods commencing on or after 1 January 2018.
- IFRS 15, 'Revenue from Contracts with Customers'. Effective for accounting periods commencing on or after 1 January 2018.
- IFRS 16, 'Leases'. Effective for accounting periods commencing on or after 1 January 2019.

These standards and interpretations will be adopted when they become effective. The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements in future periods.

**3. Critical accounting estimates and judgements**

Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the financial statements. The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision only affects that year, or in the year of the revision and future years if the revision affects both current and future years. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

**Fair value of investments**

Listed investments are valued at bid price unless this is not considered to be an accurate representation of fair value. Unquoted investments are fair valued by the Directors in accordance with the following rules, which are consistent with the International Private Equity and Venture Capital Valuation Guidelines:

- Investments are only valued at cost for a limited period after the date of acquisition, otherwise investments are valued on one of the other bases detailed below. Generally the earnings multiple basis of valuation will be used.
- When valuing on an earnings basis, the maintainable earnings of a company are multiplied by an appropriate multiple.
- An investment may be valued by reference to the value of its net assets. This is appropriate for businesses whose value derives mainly from the underlying value of its assets rather than its earnings.
- When investments have obtained an exit (either by listing or trade sale) after the valuation date but before finalisation of the relevant accounts (interim or final), the valuation is based on the exit valuation.
- Accrued interest on loans to portfolio companies is included in valuations where there is an expectation that the interest will be received.
- The fair value of the Company's investment in Dunedin Fund of Funds LP is deemed to be the net assets as it is the Directors' opinion that the net assets is derived from the fair value of the underlying investments as at the measurement date.
- Investments are valued net of carried interest which has arisen in the underlying funds. Carried interest is recognised at the point in time that the underlying fund achieves its hurdle rate of return. The Board meet quarterly to re-assess the level of carried interest in each underlying fund.

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and are then transferred to the unrealised capital reserve.

Gains or losses on investments realised in the year that have been recognised in the Income Statement are transferred to the realised capital reserve. In addition, any prior unrealised gains or losses on such investments are transferred from the unrealised capital reserve to the realised capital reserve on disposal of the investment.

Gains and losses arising from changes in fair value are considered to be realised only to the extent that they are readily convertible to cash in full on the balance sheet date.

**Determination of investment entities**

The Directors of the Company have determined that the Company and its subsidiaries meets the definition of an Investment Entity as per IFRS 10. Details of this judgement is disclosed in note 2a Consolidation.

#### 4. Income

	2016 £'000	Re-stated 2015 £'000
Interest income – UK	47	47
Limited partnership income – UK	8,050	124
'AAA' rated money market funds	3	3
Other income	26	27
	<b>8,126</b>	201
Deposit interest*	–	10
<b>Total income</b>	<b>8,126</b>	211

\* income arising from financial assets that are not investments designated as fair value through profit or loss.

#### 5. Investment management fee

	Revenue £'000	Capital £'000	2016 Total £'000	Revenue £'000	Re-stated Capital £'000	2015 Total £'000
Investment management fee	30	91	121	32	97	129

Dunedin provides investment management and general administration services to the Company. The terms of the management fee arrangements are detailed on page 60.

#### 6. Other expenses

Profit/(loss) on ordinary activities before taxation is shown after charging the following amounts:

	2016 £'000	Re-stated 2015 £'000
Auditors remuneration	61	58
Director fees	117	122
Legal fees	45	67
Fees relating to the wind-down proposals	58	–
Printing and postage	40	37
Irrecoverable VAT	65	64
Other	218	240
	<b>604</b>	588

The Company does not directly employ any staff. The expense disclosed above relating to auditor's remuneration is the total for the Company. A breakdown of auditor's remuneration between audit and non-audit services provided to the Company and subsidiaries is included below.

	2016 £'000	Re-stated 2015 £'000
<b>Fees payable to the auditor:</b>		
Fees payable to the Company's auditor for the audit of the Company's financial statements	24	23
<b>Fees payable for other services:</b>		
The audit of the Company's subsidiaries pursuant to legislation	3	6
<b>Total audit fees</b>	<b>27</b>	29
<b>Non-audit services</b>		
Audit related assurance services	6	6
Tax compliance services	14	20
Tax advisory services	12	1
Other non-audit services	2	2
<b>Total non-audit fees</b>	<b>34</b>	29
<b>Total fees payable to the auditor by the Company and its subsidiaries</b>	<b>61</b>	58

## 7. Finance costs

	Revenue £'000	Capital £'000	2016 Total £'000	Revenue £'000	Re-stated Capital £'000	2015 Total £'000
On bank loans and overdraft:						
Repayable in less than 5 years	86	257	343	105	313	418
Banking facility arrangement fee	41	125	166	25	75	100
	127	382	509	130	388	518

## 8. Taxation on profit on ordinary activities

	Revenue £'000	Capital £'000	2016 Total £'000	Revenue £'000	Re-stated Capital £'000	2015 Total £'000
<b>(a) Analysis of charge/(credit) for the year:</b>						
UK corporation tax at 20% (2015: 20.25%)	449	(449)	–	–	–	–
	449	(449)	–	–	–	–

The UK corporation tax rate has been 20% from 1 April 2015 giving an effective tax rate of 20% (2015 – 20.25%). The tax assessed for the year is lower than the rate of corporation tax. The differences are explained in note 8b.

Changes to the UK corporation tax notes were substantially enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

### (b) Factors affecting the tax charge for the year:

	2016 £'000	Re-stated 2015 £'000
Total return on ordinary activities before tax	2,777	(448)
UK Corporation Tax at 20% (2015: 20.25%)	555	(91)
Effects of:		
Capital (loss)/gain not subject to corporation tax	823	(118)
Expenses not deductible	14	–
Non taxable partnership income and expenses	(944)	–
Excess management expenses not utilised	(448)	209
	–	–

At 31 December 2016, the Company had net surplus management expenses of £4,289,000 (2015: £3,557,000) in respect of which a deferred tax asset has not been recognised. This is because the Company is not expected to generate taxable income in a future period in excess of deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future liabilities through the use of existing surplus expenses.

## 9. Dividends

Amounts recognised as distributions to equity holders in the year:

	2016 £'000	Re-stated 2015 £'000
Interim dividend for the year ended 31 December 2015 – 16p paid 18 May 2016	3,303	–
Final dividend for the year ended 31 December 2014 – 4.7p paid 22 May 2015	–	981
	3,303	981

## 9. Dividends continued

The total dividend paid and proposed in respect of the financial year, which is the basis upon which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered, is noted below.

	2016 £'000	Re-stated 2015 £'000
Final dividend for the year ended 31 December 2016 – 17.5p payable on 18 May 2017	3,613	–
Interim dividend for the year ended 31 December 2016 – 16p paid on 18 May 2016	3,303	–
	<b>6,916</b>	–

## 10. Return per ordinary share

The returns per ordinary share are based on the following figures:

	2016 £'000	Re-stated 2015 £'000
Revenue return	6,916	(539)
Capital return	(4,139)	91
	<b>2,777</b>	(448)
Weighted average number of shares in issue	<b>20,644,062</b>	20,750,515

## 11. Investments

All investments are designated fair value through profit or loss at initial recognition, therefore all gains and losses arise on investments designated at fair value through profit or loss. Given the nature of the Company's investments the fair value gains recognised in these financial statements are not considered to be readily convertible to cash in full at the balance sheet date and therefore the movement in these fair values are treated as unrealised.

The Company is a limited partner in Dunedin Buyout Fund, Dunedin Buyout Fund II, Dunedin Buyout Fund III, Equity Harvest Fund and Dunedin Fund of Funds LP. The table below details Dunedin Enterprise's investment holdings by fund entity.

	2016 £'000	Re-stated 2015 £'000
Direct	11,138	9,332
Dunedin Buyout Fund LP	695	250
Dunedin Buyout Fund II LP	32,791	59,964
Dunedin Buyout Fund III LP	32,253	18,849
Equity Harvest Fund LP	4,977	4,931
Dunedin Fund of Funds LP	21,954	16,102
	<b>103,808</b>	109,428
'AAA' rated money market funds and cash deposits	1,008	5
	<b>104,816</b>	109,433

On a look through basis Dunedin Enterprise's investments are detailed below.

	2016 £'000	Re-stated 2015 £'000
Unlisted UK investments	81,854	93,326
Unlisted European investments	21,954	12,701
'AAA' rated money market funds and cash deposits	1,008	3,406
	<b>104,816</b>	109,433

Funds realised from listed and unlisted investments have been utilised to make investments in 'AAA' rated money market funds. The Board intends to realise these investments as and when new unlisted investment opportunities arise.

## 11. Investments continued

### Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using inputs that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2016 £'000	Re-stated 2015 £'000
<b>Level 1</b>		
'AAA' rated money market funds and cash deposits	1,008	3,406
<b>Level 2</b>	–	–
<b>Level 3</b>	–	–
Unlisted investments	103,808	106,027
	<b>104,816</b>	<b>109,433</b>

IFRS 13 requires disclosure, by class of financial instrument, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. On that basis the Board believe that the impact of changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value significantly. The following shows a reconciliation from the beginning to the end of the year for fair value measurements in Level 1 and Level 3 of the fair value hierarchy.

	Level 3 UK Unlisted £'000	Level 3 European Unlisted £'000	Level 1 'AAA rated money market funds £'000	Total £'000
Book cost at 31 December 2015	88,044	16,113	5	104,162
Unrealised appreciation/(depreciation)	5,284	(13)	–	5,271
Valuation at 31 December 2015	93,328	16,100	5	109,433
Purchases at cost	22,392	2,777	6,003	31,172
Sales – proceeds	(25,165)	(1,504)	(5,000)	(31,669)
Sales – realised gain on sales	10,731	–	–	10,731
Increase in unrealised appreciation	(19,432)	4,581	–	(14,851)
Valuation at 31 December 2016	81,854	21,954	1,008	104,816
Book cost at 31 December 2016	96,002	17,386	1,008	114,396
Closing unrealised appreciation/(depreciation)	(14,148)	4,568	–	(9,580)

# 11. Investments continued

There have not been any movements between the levels of the fair value hierarchy during the year.

Re-stated	Level 3 UK Unlisted £'000	Level 3 European Unlisted £'000	Level 1 'AAA' rated money market funds £'000	Total £'000
Book cost at 31 December 2014	86,998	13,731	1,138	101,867
Unrealised appreciation/(depreciation)	(2,448)	(357)	–	(2,805)
Valuation at 31 December 2014	84,550	13,374	1,138	99,062
Purchases at cost	10,328	3,232	6,707	20,267
Sales – proceeds	(1,798)	(850)	(7,840)	(10,488)
Sales – realised losses on sales	(7,484)	–	–	(7,484)
Increase in unrealised appreciation	7,732	344	–	8,076
Valuation at 31 December 2015	93,328	16,100	5	109,433
Book cost at 31 December 2015	88,044	16,113	5	104,162
Closing unrealised appreciation/(depreciation)	5,284	(13)	–	5,271
			2016 £'000	Re-stated 2015 £'000
Realised gains/(losses) based on cost			10,731	(7,484)
Unrealised appreciation/(depreciation) recognised in prior years			(16,192)	5,181
			(5,461)	(2,303)
Increase/(decrease) in unrealised appreciation			1,341	2,895
Other movements			5	(16)
Total gains/(losses) on investments			(4,115)	576

Included within unlisted investments are investments valued at £49,225,460 (2015: £75,573,644) where the Company's interest is between 20% and 50% of the equity. These investments have been accounted for at fair value through profit or loss as set out in Note 2(a).

## Significant interests

(a) At 31 December 2016, the Company held between 20% and 50% of the allotted share capital of the following companies:

Name	Country of incorporation or registration	% of equity held	% of equity held directly and through funds	Latest available accounts	Share capital & reserves £'000	EBITDA £'000
CGI Group Holdings Limited	England	41.7	41.7	31.12.15	(2,631)	1,468
Dunedin Buyout Fund II LP	Scotland	29.7	29.7	31.12.16	n/a	n/a
Equity Harvest Fund LP	England	47.4	47.4	31.12.16	n/a	n/a
Premier Hytemp Topco Limited	Scotland	–	20.7	30.09.15	(6,257)	818
Red Topco Limited	England	–	20.1	31.03.15	(17,017)	183
Steeper Holdings Limited	England	22.8	37.4	28.02.16	5,030	1,660

# 11. Investments continued

(b) Other interests of 10% or more of any class of allotted share capital:

Name	Country of incorporation or registration	% of equity held directly	% of equity held directly and through funds
Alpha FMC Topco Limited	England	–	11.5
Batson Topco Limited	England	–	12.7
EV Holdings Limited	England	–	10.6
Dunedin Buyout Fund LP	Scotland	13.0	13.0
Dunedin Buyout Fund III LP	Scotland	19.6	19.6
Formaplex Group Limited	England	–	17.7
Hawksford International Limited	Jersey	–	17.8
Weldex (International) Offshore Holdings Limited	Scotland	–	15.1

Equity percentages shown are fully diluted, based on the latest audited accounts available, to take account of options and warrants which have been issued, and conversion rights.

# 12. Other receivables

	2016 £'000	Re-stated 2015 £'000
Prepayments	105	167

# 13. Creditors: amounts falling due within one year

	2016 £'000	Re-stated 2015 £'000
Accruals	1,110	984
Revolving Credit Facility	–	4,700
	<b>1,110</b>	<b>5,684</b>

A revolving credit facility of £20m is available to the Company until 31 May 2018. The rate of interest on the revolving credit facility is 2.5% above LIBOR.

# 14. Called-up share capital

	Nominal No. '000	31 December 2016 £'000	Nominal No. '000	31 December 2015 £'000
Allotted, called-up and fully paid ordinary shares:				
At 1 January 2016	20,644	5,161	20,869	5,217
Repurchased during the year	–	–	(225)	(56)
At 31 December 2016	<b>20,644</b>	<b>5,161</b>	20,644	5,161

The capital of the Company is managed in accordance with its investment policy and objectives which are detailed in the Strategic Report on page 25.

At 20 March 2017 no ordinary shares have been repurchased since 31 December 2016. The Directors exercise the power to make repurchases only where they believe a repurchase is in the interests of the members as a whole and will result in an increase in the net asset value per ordinary share. The Company does not hold any shares in treasury.

## 15. Reserves

Company	Share Capital £'000	Capital redemption reserve* £'000	Special distributable reserve £'000	Capital reserve – realised* £'000	Capital reserve – unrealised* £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2015	5,161	2,765	47,600	38,492	5,271	5,138	96,501	104,427
Net revenue for the year	–	–	–	–	–	6,916	6,916	6,916
Transfer on disposal of investments	–	–	–	16,192	(16,192)	–	–	–
Net gain/(loss) on realisation of investments	–	–	–	(5,461)	–	–	(5,461)	(5,461)
Revaluation movements	–	–	–	–	1,341	–	1,341	1,341
Management fees charged to capital	–	–	–	(91)	–	–	(91)	(91)
Finance costs charged to capital	–	–	–	(382)	–	–	(382)	(382)
Dividends paid	–	–	–	–	–	(3,303)	(3,303)	(3,303)
Tax effect of capital items	–	–	–	449	–	–	449	449
Other movements	–	–	–	5	–	–	5	5
<b>At 31 December 2016</b>	<b>5,161</b>	<b>2,765</b>	<b>47,600</b>	<b>49,204</b>	<b>(9,580)</b>	<b>8,751</b>	<b>95,975</b>	<b>103,901</b>

\* – these reserves are non-distributable

## 16. Net asset value per share

The net asset value per share is calculated on shareholders' funds of £103,901,053 (2015: £104,427,010) and on 20,644,062 ordinary shares in issue at the year end (2015: 20,644,062).

## 17. Capital commitments

There were outstanding capital commitments of £36.9m (2015: £50.2m) in respect of investments at the end of the year.

Outstanding capital commitments are as noted below:-

	2016 £'000	Re-stated 2015 £'000
Dunedin Buyout Fund I LP	220	220
Dunedin Buyout Fund II LP	7,039	9,296
Dunedin Buyout Fund III LP	26,204	34,780
Equity Harvest Fund LP	–	–
Innova/5 LP	2,590	5,058
Realza Capital FCR	848	885
	<b>36,901</b>	<b>50,239</b>

## 18. Contingencies

There were no contingent liabilities at the year end (2015: £nil).

At 31 December 2016, contingent assets not recognised in the financial statements in respect of potential deferred proceeds from the sale of portfolio companies amounted to £1.0m (2015: £nil). The extent to which these amounts will become receivable in due course is dependent on future events.

In addition, discussions are ongoing with HMRC regarding the payment of interest on a compound basis relating to the reclaim of VAT on management fees. The amount and timing of any recovery remains uncertain and accordingly no amount has been provided for in the financial statements.

## 19. Financial instruments and associated risks

The Company's financial instruments comprise ordinary shares, fixed and floating interest rate investments, cash balances and liquid resources. The Company holds financial assets in accordance with its investment policy to invest in unquoted companies both directly and through specialist vehicles. Investments are valued at fair value. For quoted stocks this is at bid price unless this is not considered to be an accurate representation of fair value. In respect of unquoted investments, these are fair valued by the Directors using rules consistent with International Private Equity and Venture Capital Valuation Guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet.

The Company's investing activities expose it to types of risk that are associated with the financial instruments and the market in which it invests. The most important types of financial risk to which the Company is exposed are market risk, interest rate risk, credit risk, liquidity risk and currency risk. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

Market risk – the risk that the value of a financial instrument will change as a result of changes to market prices is one that is fundamental to the Company's objective. The portfolio is continually monitored to ensure an appropriate balance of risk and reward in order to achieve the Company's objective. Some of the risk can be mitigated by diversifying the portfolio across business sectors, asset classes and regions. Details of the Company's investment portfolio at the balance sheet date are disclosed in the schedule of investments on pages 13 to 23. The Company's overall market positions are monitored by the Manager on an ongoing basis and by the Board quarterly.

99% (2015: 100%) of the Company's investments are in unquoted companies held at fair value. Valuation methodology includes the application of an appropriate multiple to maintainable earnings. A 5% increase in the valuations of unquoted investments at 31 December 2016 would have increased the net assets of the Company by £5.3m (2015: £5.5m).

Interest rate risk – some of the Company's financial assets are interest bearing, at both fixed and variable rates. As a result the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. The table below analyses the Company's financial assets and details the weighted average interest rate and life of fixed rate lending.

### Financial Assets of the Group

31 December 2016	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
<b>Currency</b>				
Sterling	64,812	2,502	17,042	84,356
Euro	14,309	–	6,241	20,550
<b>Total</b>	<b>79,121</b>	<b>2,502</b>	<b>23,283</b>	<b>104,906</b>

31 December 2015 (re-stated)	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
<b>Currency</b>				
Sterling	70,955	578	22,371	93,904
Euro	10,926	–	5,114	16,040
<b>Total</b>	<b>81,881</b>	<b>578</b>	<b>27,485</b>	<b>109,944</b>

The fixed rate assets comprise fixed rate lendings to investee companies. Fixed rate lendings have a weighted average interest rate of 9% per annum (2015: 9%) and a weighted average life to maturity of 3.5 years (2015: 2.9 years). The floating rate assets consist of cash and "AAA" rated cash OEIC's. The nil interest rate bearing assets represent the equity content of the investment portfolio. Interest rate risk is managed on an ongoing basis by the Manager and on a quarterly basis by the Board.

Due to the relatively short period to maturity of the floating rate investments held within the portfolio, it is considered that an increase or decrease of 25 basis points in interest rates as at the reporting date would not have had a significant effect on the Group's net assets or total return for the period.

## 19. Financial instruments and associated risks continued

Credit risk – credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The portfolio consists of the following financial instruments:

	2016 £'000	Re-stated 2015 £'000
Unquoted investments	103,808	109,428
AAA rated cash OEICs	1,008	5
Cash deposits	90	511
<b>Total</b>	<b>104,906</b>	<b>109,944</b>

Investment in unquoted companies either directly, via Dunedin managed funds or via third party managed funds (both limited partnership funds and quoted stocks) is by its nature subject to potential credit losses. The Company's exposure to any one entity is carefully monitored. The unquoted investment portfolio is further diversified by asset class, sector and region. Liquid assets (cash deposits and AAA rated cash OEIC's) are divided between a number of different financial institutions, each of whose credit rating is assessed. Credit risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

Liquidity risk – the Company has significant investments in unquoted companies which are inherently illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these companies at an amount close to its fair value in order to meet its liquidity requirements. The Company manages its liquid investments to ensure sufficient cash is available to meet contractual commitments and also seeks to have cash or readily convertible investments available to meet other short term financial needs. The Company has access to a £20m borrowing facility. Liquidity risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

Currency risk – the Company is exposed to currency risk as a result of investing in companies and funds denominated in euros. The sterling value of these investments can be influenced by movement's in foreign currency exchange rates. Currency risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

The risks faced by the Group and the Company are not considered to be materially different.

## 20. Investments in unconsolidated entities

Details of the undertakings which were unconsolidated subsidiaries held at 31 December 2016 are listed below:

Name:	Dunedin Fund of Funds LP
Direct or indirect holding:	Direct
Country of incorporation:	Scotland
Principal activity:	Private equity fund of funds
Proportion of share:	100%

Details of the undertakings which were unconsolidated subsidiaries held at 31 December 2015 are listed below:

Name:	Dunedin fund of Funds LP
Direct or indirect holding:	Direct
Country of incorporation:	Scotland
Principal activity:	Private equity fund of funds
Proportion of share:	100%

Name:	Dunedin Enterprise Limited
Direct or indirect holding:	Direct
Country of incorporation:	Scotland
Principal activity:	Private equity investment
Proportion of share:	100%

Name:	Dunedin Co-Investment Fund LP
Direct or indirect holding:	Direct
Country of incorporation:	Scotland
Principal activity:	Private equity investment
Proportion of share:	100%

**20. Investments in unconsolidated entities** continued

	Dunedin Fund of Funds LP £'000	Dunedin Enterprise Limited £'000	Dunedin Co-Investment LP £'000	Total £'000
Valuation at 31 December 2015	16,100	1	1	16,102
Net capital movements	1,273	(1)	(1)	1,271
Valuation movements	4,581	–	–	4,581
Valuation at 31 December 2016	21,954	–	–	21,954

**21. Related party transactions**

The Company has investments in Dunedin Buyout Fund LP, Dunedin Buyout Fund II LP, Dunedin Buyout Fund III LP, Dunedin Fund of Funds LP and Equity Harvest Fund LP. Each of these limited partnerships are managed by Dunedin. The Company has paid a management fee of £2.2m (2015: £2.4m) in respect of these limited partnerships. The total investment management fee payable by the Company to the Manager is therefore £2.3m (2015: £2.5m).

A Manager's Incentive Scheme ("the Scheme") was introduced from 1 May 1999. Under the terms of the Scheme qualifying directors and investment executives of Dunedin were entitled to purchase 7.5% of the equity shares (and, occasionally, other financial instruments) in each of the directly held investments subscribed for by the Company. This scheme has now been replaced by the arrangements noted below.

Since the Company began investing in Dunedin Buyout Funds ("the Funds") executives of the Manager have been entitled to participate in a carried interest scheme via the Funds. Performance conditions are applied whereby any gains achieved through the carried interest scheme associated with the Funds are conditional upon a certain minimum return having been generated for the limited partner investors. Additionally, within Dunedin Buyout Fund II LP and Dunedin Buyout Fund III LP the economic interest of the Manager is aligned with that of the limited partner investors by co-investing in this fund.

As at 31 December 2016 there is a provision made within Investments for carried interest of £1.3m relating to Equity Harvest Fund LP and £0.2m relating to Dunedin Buyout Fund LP. Current executives of the Manager are entitled to 46% of the carried interest in Equity Harvest Fund LP and 60% in Dunedin Buyout Fund LP.

Brian Finlayson has an interest in the carried interest scheme of Dunedin Buyout Fund LP and received £nil from that scheme during 2016. Brian Finlayson was previously employed by the Manager and retired in 2002. As at 31 December 2016 the remaining value in this scheme attributable to Brian Finlayson is £3,874.

**22. Post balance sheet event**

The sale of Steeper was completed on 2 February 2017. The net proceeds amounted to £8.9m, therefore the valuation in the financial statements is based upon this amount as the Board deems this to equate to fair value.

On 8 March 2017 the Company invested £5.9m in Forensic Risk Alliance through the Dunedin Buyout Fund III.

**Management Fees (unaudited)**

The terms of the management fees are:-

<b>Vehicle</b>	<b>Fee</b>
Fund of Funds Limited Partnership	1.5 per cent on the value of investments plus 0.5 per cent on undrawn commitments to third party funds
Direct investments in individual companies	1.5 per cent on the value of investments
Dunedin Managed Funds	Same fees as paid by third party investors in such Funds
Third party managed funds	1.5 per cent on value of investments
Listed private equity funds	1.5 per cent on the value of investments
Cash	0.5 per cent on cash balances not committed to funds through the Dunedin Fund of Funds LP

The notice period on the alternative investment fund management agreement is 12 months. No compensation payment is payable by the Company to the Manager on termination except where: (i) the Company notifies the Manager of an intended breach of, or change to, any value of the agreed thresholds and profiles and in the opinion of the Manager, the intended breach or proposed change in value is such that it would cause the Manager to be in breach of, or otherwise become unable to comply with, its obligations under the AIFMD Rules; or (ii) the Manager notifies the Company of any proposed change to any value of the agreed thresholds and profiles expressly required by the FCA and the Company does not agree to the proposed change, in which case the Manager is entitled to receive an amount equal to the remuneration it would have received had the full 12 months' termination notice been given.

## Notice of Annual General Meeting (“AGM”)

Notice is hereby given that the forty-second Annual General Meeting of the shareholders of Dunedin Enterprise Investment Trust PLC will be held at 11.00 am on 11 May 2017 at The Waldorf Astoria Edinburgh – The Caledonian, Princes Street, Edinburgh, EH1 2AB for the following purposes:

To consider and, if thought fit, pass the following resolutions. Resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 and 12 will be proposed as special resolutions.

### Ordinary Business

1. To receive and adopt the report of the Directors and auditors and the audited accounts for the year ended 31 December 2016.
2. To approve the Directors’ remuneration policy.
3. To approve the Directors’ remuneration report for the year ended 31 December 2016.
4. To elect Michael Meyer Jensen as a Director.
5. To re-elect Angela Lane as a Director.
6. To re-elect Duncan Budge as a Director.
7. To re-elect Brian Finlayson as a Director.
8. To re-elect Federico Marescotti as a Director.
9. To re-appoint KPMG LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
10. To authorise the Directors to fix the remuneration of the auditors.

### Special Business

11. That, in substitution for any existing authority, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 (the “Act”) to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company provided that:
  - (i) the maximum number of ordinary shares hereby authorised to be purchased is 3,096,609;
  - (ii) the minimum price which may be paid for an ordinary share shall be 25 pence;
  - (iii) the maximum price (exclusive of expenses) which shall be paid for an ordinary share shall be not more than the higher of an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for

the five business days immediately preceding the day on which the shares are purchased and the amount stipulated by Article 5(1) of the regulation entitled the ‘Buy-Back and Stabilisation Regulation’;

- (iv) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (or, if earlier, the date which is 15 months after the passing of this resolution) unless the authority is varied, revoked or renewed prior to such time; and
- (v) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

12. That a general meeting other than an annual general meeting may be called at not less than 14 clear days’ notice.

By Order of the Board

### Dunedin LLP

Secretary  
27 March 2017

Registered Office:  
Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN

### Notes

1. **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action to be taken, you should seek personal financial advice from your independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriate independent financial adviser.
2. If you have sold or otherwise transferred all your shares in Dunedin Enterprise Investment Trust PLC, please forward this document, together with the Form of Proxy enclosed, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.
3. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A

- proxy need not be a shareholder of the Company. Appointment of a proxy does not preclude a member from attending the meeting and voting in person.
4. To appoint a proxy using the enclosed Form of Proxy, it must be lodged not less than 48 hours before the meeting with the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.
  5. There are special arrangements for holders of shares through the Alliance Trust Savings Investment Trust Share Plan, ISA and PEP. These are explained in the 'Letter of Directions' which such holders will have received with this report.
  6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the meeting (and for the purpose of determining the number of votes they may cast), members must be entered on the register of members at 6.30pm on 9 May 2017. If the meeting is adjourned then, to be so entitled, members must be entered on the register of members 48 hours before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.
  7. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
  8. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 3 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
  9. As at 27 March 2017 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consisted of 20,644,062 ordinary shares of 25 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 27 March 2017 are 20,644,062.
  10. Pursuant to Section 319A of the Companies Act 2006, the Company must provide an answer to any question which is put by a member attending the AGM relating to the business being considered, except if a response would not be in the interests of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question, within a reasonable period of days after the conclusion of the AGM.
  11. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.dunedinenterprise.com](http://www.dunedinenterprise.com).
  12. Shareholders may require the Company to place on its website a statement, made available also to the Company's auditors, setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which shareholders intend to raise at the Annual General Meeting. The Company becomes required to place such a statement on the website once a) members with at least 5% of the total voting rights of the Company or b) at least 100 members who are entitled to vote and on whose shares an average sum per member of at least £100 has been paid, have submitted such a request to the Company. Members seeking to do this should write to the Company at its registered office providing their full name and address.
  13. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
  14. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
  15. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11.00 am on 9 May 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of

instructions to proxies appointed through CREST should be communicated to the appointee through other means.

16. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The CREST manual can be viewed at [www.euroclear.com](http://www.euroclear.com).

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

17. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
18. Shareholders who prefer to register the appointment of their proxy electronically via the internet can do so through Equiniti's website at [www.sharevote.co.uk](http://www.sharevote.co.uk) where full instructions on the procedure are given. The Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy will be required in order to use this electronic proxy appointment system. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and then log onto your portfolio using your usual ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on screen instructions. The on screen instructions give details on how to complete the appointment process. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 11.00am on 9 May 2017.
19. Under Section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 12, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (i) The resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) The resolution must not be defamatory of any person, frivolous or vexatious; (iii) The resolution must be received by the Company not later than 6 weeks before the Annual General Meeting; and (iv) Members seeking to do this should write to the Company at its registered office providing their full name and address.
20. Under Section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 12, may, subject to conditions, require the Company to include in the business to be dealt with at the Meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (i) The matter of business must not be defamatory of any person, frivolous or vexatious; (ii) The request must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported; (iii) Must be accompanied by a statement setting out the grounds for the request; (iv) Must be authenticated by the person or persons making it (see note 12); and (v) Must be received by the Company not later than 6 weeks before the Annual General Meeting.
21. Copies of the letters of appointment for directors and the Company's articles of association will be available for inspection at the Annual General Meeting for at least 15 minutes prior to the beginning of the meeting until the end of the meeting.

## Information for Investors

Dunedin Enterprise is managed by Dunedin. Dunedin is authorised and regulated by the Financial Conduct Authority. All enquiries in relation to Dunedin Enterprise, other than those related to Alliance Trust Savings Limited products, should be directed to Dunedin at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN or [info@dunedinenterprise.com](mailto:info@dunedinenterprise.com).

The Company's share price appears in various national newspapers and is also available on the Company website [www.dunedinenterprise.com](http://www.dunedinenterprise.com) or on the Alliance Trust Savings website [www.alliancetrustsavings.co.uk](http://www.alliancetrustsavings.co.uk) or else on various websites such as [www.trustnet.com](http://www.trustnet.com).

Investors can buy and sell shares in an investment trust directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. However, in order to facilitate investment in the Company, arrangements have been put in place for Dunedin Enterprise to be part of the Alliance Trust Savings products. An investment trust should be considered only as part of a balanced portfolio. Under no circumstances should this information be considered as an offer or solicitation to deal in investments.

### Details of the Alliance Trust Savings products are noted below:

Alliance Trust Savings – Individual Savings Account (ISA) is a low-cost, tax-efficient savings vehicle. Since 6 April 2016 the ISA subscription limit has been £15,240 increasing to £20,000 from 6 April 2017. The monthly administration charge for an Alliance Trust Savings ISA is £10.

Alliance Trust Savings – Investment Dealing Account (IDA) offers a means of investing in Dunedin Enterprise outside a tax efficient wrapper. The monthly administration charge for an Alliance Trust Savings IDA is £10.

Investors may make regular monthly payments (minimum £50 per month) or invest occasional lump sums (minimum £50 in both the ISA and IDA). The charge for online regular monthly payments is £1.50 and £5 for offline payments instructed by post. Investors may also make one-off investments by dealing online or by post/telephone. There is a maximum online dealing charge of

£12.50 and a postal/telephone dealing charge of £40 to buy and sell shares within an IDA/ISA.

Investors can transfer in shares to their IDA or ISA from other providers. They can also have their dividends re-invested and request to receive income from dividends to their bank account. Although Alliance Trust Savings consider the IDA and ISA to be a medium to long term investment, there is no restriction on how long an investor need invest and investors can choose to close their account by instructing Alliance Trust Savings in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

For information relating to the above savings plans please contact:

### Alliance Trust Savings Limited

PO Box 164  
8 West Marketgait  
Dundee  
DD1 9YP

Telephone 01382 573737  
Website [www.alliancetrustsavings.co.uk](http://www.alliancetrustsavings.co.uk)  
Email [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk)

For information regarding a shareholding not held through a savings plan, please contact:

### Registrar

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

Telephone: 0371 384 2440  
International: +44 121 415 7047  
Website: [www.shareview.co.uk](http://www.shareview.co.uk)

**Important Information**

Risk factors you should consider prior to investing:

- In common with most investment companies, investment trusts may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV.
- If bank borrowing is unavailable then investment activity will be curtailed.
- The Company invests in small companies, and/or companies investing in technology or venture and development capital stocks, where the potential volatility may increase the risk to the value of your investment. Above average price movements may be expected.
- The Company invests in a specialist market sector and is likely to carry higher risks than a more widely invested fund.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- Exposure to a single country market increases potential volatility.
- There is no guarantee that the market price of shares in the Company will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of investment trust shares purchases will immediately fall by the difference between the buying and selling prices, the bid-offer spread.
- If you are unsure as to the suitability of any particular investment or product, you should seek professional financial advice.
- You should remember that the amount of tax relief depends on your individual circumstances and that the beneficial tax treatment of ISAs may not continue in the future.
- Charges may be subject to change in the future.

**Other Important Information:** The information contained on pages 64 to 65 has been issued by Alliance Trust Savings Limited, which is registered in Scotland No. SC 98767, registered office, PO Box 164, 8 West Marketgait, Dundee DD1 9YP; is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, firm reference number 116115. Alliance Trust Savings gives no financial or investment advice.

The Company is managed by Dunedin and marketed by Alliance Trust Savings Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. An investment trust should be considered only as part of a balanced portfolio. Under no circumstances should this information be considered as an offer or solicitation to deal in investments.

## Glossary of Terms and Definitions

**Buy-out fund**

A fund which acquires stakes in established unquoted companies.

**Commitment**

The amount committed by the Company to a fund investment, whether or not such amount has been advanced in whole or in part by or repaid in whole or in part to the Company.

**Discount**

The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

**Distribution**

A return that an investor in a private equity fund receives.

**Draw down**

A portion of a commitment which is called to pay for an investment.

**EBITDA**

Earnings before interest expense, taxes, depreciation and amortisation.

**Enterprise value (EV)**

The value of the financial instruments representing ownership interests in a company plus the net financial debt of the company.

**Net Asset Value (NAV)**

The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

**Ongoing Charges**

Management fees and all other operating expenses excluding incentive fee and interest, expressed as a percentage of the average of the end of day quarterly net assets during the year.

**Premium**

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

**Secondary transaction**

The purchase or sale of a commitment to a fund or collection of fund interests in the market.

**Share buy-back transaction**

The repurchase by the Company of its own shares in order to reduce the number of shares on the market.

**Total Return**

Total Return involves reinvesting the net dividend on the day that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company in the quarter it goes ex-dividend

## AIFMD Disclosures (unaudited)

Dunedin is required to make certain periodic disclosures to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the [www.dunedinenterprise.com](http://www.dunedinenterprise.com). There have been no material changes to the disclosures contained within the PIDD since first publication on 6 March 2017.

The periodic disclosures as required under the AIFMD to investors are made below:

- None of the Company's assets are subject to special arrangements arising from their illiquid nature;
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity risk management systems of Dunedin;
- The current risk profile of the Company and the risk management systems employed by Dunedin to manage those risks are found in the PIDD. The risk limits set by Dunedin have not been exceeded; and
- In accordance with the requirements of AIFMD, Dunedin has put in place a compliant remuneration policy, which is available from the Company Secretary on request. The Company Secretary can be contacted at Dunedin LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN. All remuneration disclosures required will be included in the annual report of the Company for the year ending 31 December 2018 following completion of Dunedin's first full performance period to 31 March 2018.

The table below sets out the current maximum permitted limit and actual level of leverage for the Company.

	<b>Gross Method</b>	<b>Commitment Method</b>
Maximum level of leverage	1.2:1	1.2:1
Actual level as at 31 December 2016	1.2:1	1.2:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement.

Changes to the information required to be disclosed to investors under AIFMD will be notified via a regulatory news service without undue delay.

## Financial Calendar

Announcements, dividend payments and the issue of the annual and interim reports for the year ended 31 December 2016 and half year end 30 June 2017 can be expected in the months shown below:

### March

Preliminary figures and final dividend for the year announced.

### April

Report and accounts published.

### May

Annual General Meeting held and payment of final dividend.

### August/September

Interim report for half year to 30 June published.

## Corporate Information

### Directors

Duncan Budge, Chairman (duncan.budge@dunedinenterprise.com)  
Brian Finlayson  
Angela Lane  
Federico Marescotti

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### Auditors

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